

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2024

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 2024 (the “Period”).

RESULTS

The Group’s revenue for the Period amounted to HK\$852.5 million, which decreased by 73.0% from HK\$3,157.1 million in the last corresponding period primarily owing to decrease in revenue from property development during the Period in which there was no completion of new development projects in both Hong Kong and mainland China. During the last corresponding period, the revenue amounting to HK\$2.1 billion from recognition of Starlight One, a project in Jiaxing, the People’s Republic of China (“PRC”) was relatively substantial in comparing between the two periods. With the inclusion of the Group’s attributable share of net unrealised losses on fair value change of investment properties held by the Group and its joint venture amounting HK\$321.6 million and non-recurring asset impairment provisions of HK\$127.9 million on the property development projects held by the Group and its joint venture, the Group recorded a loss attributable to owners of the Company of HK\$474.3 million, a decrease of HK\$592.0 million from a profit attributable to owners of the Company of HK\$117.7 million for the last corresponding period.

DIVIDEND

The Board has resolved not to declare any interim dividend to its shareholders for the Period. There was also no interim dividend paid by the Company to its shareholders for the last corresponding period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended	
		30 September	
	Notes	2024	2023
		HK\$'M	HK\$'M
		(unaudited)	(unaudited)
Revenue	3	852.5	3,157.1
Cost of sales		<u>(553.1)</u>	<u>(2,046.4)</u>
Gross profit		299.4	1,110.7
Other income		71.3	81.2
Other gains and losses		(28.7)	(177.2)
Selling, administrative and other operating expenses		(318.1)	(398.1)
Change in fair value and gains on disposals of investment properties			
Realised gains on disposals		–	0.7
Unrealised losses		(400.5)	(83.7)
Finance costs	4	(210.4)	(189.9)
Share of results of associates		(0.1)	(0.1)
Share of results of joint ventures		<u>96.8</u>	<u>117.9</u>
(Loss)/profit before taxation	5	(490.3)	461.5
Taxation	6	<u>(49.7)</u>	<u>(345.9)</u>
(Loss)/profit for the period		<u>(540.0)</u>	<u>115.6</u>
(Loss)/profit for the period attributable to:			
Owners of the Company	7	(474.3)	117.7
Non-controlling interests		<u>(65.7)</u>	<u>(2.1)</u>
		<u>(540.0)</u>	<u>115.6</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share	9		
Basic		<u>(31.9)</u>	<u>7.9</u>
Diluted		<u>(31.9)</u>	<u>7.9</u>

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

	For the six months ended	
	30 September	
	2024	2023
	<i>HK\$'M</i>	<i>HK\$'M</i>
	(unaudited)	(unaudited)
(Loss)/profit for the period	<u>(540.0)</u>	<u>115.6</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	(2.8)	(4.5)
Deferred tax arising from fair value changes	<u>0.1</u>	<u>–</u>
	<u>(2.7)</u>	<u>(4.5)</u>
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising from a foreign joint venture	74.9	(363.7)
Exchange differences arising from translation of other foreign operations	<u>247.7</u>	<u>(379.0)</u>
	<u>322.6</u>	<u>(742.7)</u>
Other comprehensive income/(expense) for the period, net of tax	<u>319.9</u>	<u>(747.2)</u>
Total comprehensive expense for the period	<u>(220.1)</u>	<u>(631.6)</u>
Total comprehensive expense attributable to:		
Owners of the Company	(154.4)	(629.5)
Non-controlling interests	<u>(65.7)</u>	<u>(2.1)</u>
	<u>(220.1)</u>	<u>(631.6)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 September 2024 HK\$'M (unaudited)	31 March 2024 HK\$'M (audited)
Non-current assets			
Investment properties		13,919.2	13,843.2
Property, plant and equipment		2,669.8	2,635.5
Intangible assets		7.8	8.8
Right-of-use assets		66.7	70.7
Interests in associates		–	–
Interests in joint ventures		10,241.7	9,908.1
Properties held for development for sale		3,182.5	3,398.5
Equity instruments measured at fair value through other comprehensive income		15.2	11.5
Financial assets at fair value through profit or loss		406.6	423.9
Investments in debt instruments measured at amortised cost		22.9	11.5
Other assets		301.7	325.2
Deferred tax assets		91.6	58.4
		30,925.7	30,695.3
Current assets			
Inventories		40.3	39.2
Properties held for sale		1,141.2	1,405.5
Properties under development for sale		8,044.8	7,261.8
Trade receivables	10	52.8	46.1
Deposits, prepayments and other receivables		333.7	360.4
Loan to a joint venture		–	119.4
Amounts due from associates		4.1	4.1
Amounts due from joint ventures		169.7	167.3
Investments in debt instruments measured at amortised cost		22.9	57.3
Taxation recoverable		65.8	62.5
Bank balances and cash		2,228.2	1,605.8
		12,103.5	11,129.4
Current liabilities			
Trade payables, provision and accrued charges	11	1,095.1	1,111.7
Deposits received and other financial liabilities		157.4	160.5
Contract liabilities		704.8	97.1
Bank and other loans due within one year		5,983.3	3,744.1
Lease liabilities		4.1	6.3
Taxation payable		241.2	239.1
		8,185.9	5,358.8
Net current assets		3,917.6	5,770.6
Total assets less current liabilities		34,843.3	36,465.9

	30 September 2024 HK\$'M (unaudited)	31 March 2024 HK\$'M (audited)
Non-current liabilities		
Contract liabilities	49.5	226.5
Bank and other loans due after one year	5,588.7	6,883.1
Lease liabilities	41.2	42.2
Other liabilities due after one year	2,789.3	2,735.3
Deferred tax liabilities	442.5	431.9
	<u>8,911.2</u>	<u>10,319.0</u>
	<u>25,932.1</u>	<u>26,146.9</u>
Capital and reserves		
Share capital	371.3	371.3
Reserves	22,837.9	22,987.0
Equity attributable to owners of the Company	23,209.2	23,358.3
Non-controlling interests	2,722.9	2,788.6
	<u>25,932.1</u>	<u>26,146.9</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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.

The accounting policies used in the preparation of the condensed consolidated financial statements for the six months ended 30 September 2024 are consistent with those set out in the annual report for the year ended 31 March 2024 except as described in note 2(a) below.

(a) Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) adopted by the Group

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs and interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

(b) New and amendments to standards and interpretations issued but not yet effective

Certain new and amendments to standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group. These new and amendments to standards and interpretations are not expected to have a material impact on the Group’s condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group is organised into five operating divisions: property development, property investment, transportation services and property management, hotel operations and leisure businesses. 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>	Transportation services and property management <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Leisure businesses <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the six months ended 30 September 2024						
Types of goods or services:						
Sales of properties	175.4	-	-	-	-	175.4
Hotel revenue	-	-	-	99.3	-	99.3
Other services rendered	<u>11.7</u>	<u>49.1</u>	<u>140.9</u>	<u>-</u>	<u>152.3</u>	<u>354.0</u>
Revenue from contracts with customers	187.1	49.1	140.9	99.3	152.3	628.7
Rental income	<u>-</u>	<u>220.6</u>	<u>2.4</u>	<u>-</u>	<u>0.8</u>	<u>223.8</u>
Consolidated revenue, as reported	<u>187.1</u>	<u>269.7</u>	<u>143.3</u>	<u>99.3</u>	<u>153.1</u>	<u>852.5</u>
Geographical markets:						
Hong Kong	90.5	258.1	143.3	60.2	153.1	705.2
Mainland China	96.6	10.3	-	-	-	106.9
Japan	-	1.3	-	-	-	1.3
South East Asia	<u>-</u>	<u>-</u>	<u>-</u>	<u>39.1</u>	<u>-</u>	<u>39.1</u>
Total	<u>187.1</u>	<u>269.7</u>	<u>143.3</u>	<u>99.3</u>	<u>153.1</u>	<u>852.5</u>
Timing of revenue recognition:						
At a point in time	175.4	-	130.9	32.6	88.8	427.7
Over time	<u>11.7</u>	<u>49.1</u>	<u>10.0</u>	<u>66.7</u>	<u>63.5</u>	<u>201.0</u>
Total	<u>187.1</u>	<u>49.1</u>	<u>140.9</u>	<u>99.3</u>	<u>152.3</u>	<u>628.7</u>

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Transportation services and property management <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Leisure businesses <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the six months ended 30 September 2023						
Types of goods or services:						
Sales of properties	2,457.2	–	–	–	–	2,457.2
Hotel revenue	–	–	–	118.5	–	118.5
Other services rendered	<u>29.4</u>	<u>53.5</u>	<u>125.6</u>	<u>–</u>	<u>142.6</u>	<u>351.1</u>
Revenue from contracts with customers	2,486.6	53.5	125.6	118.5	142.6	2,926.8
Rental income	<u>–</u>	<u>228.5</u>	<u>1.0</u>	<u>–</u>	<u>0.8</u>	<u>230.3</u>
Consolidated revenue, as reported	<u>2,486.6</u>	<u>282.0</u>	<u>126.6</u>	<u>118.5</u>	<u>143.4</u>	<u>3,157.1</u>
Geographical markets:						
Hong Kong	151.5	271.0	126.6	87.5	143.4	780.0
Mainland China	2,173.4	10.3	–	–	–	2,183.7
Japan	–	0.7	–	–	–	0.7
South East Asia	<u>161.7</u>	<u>–</u>	<u>–</u>	<u>31.0</u>	<u>–</u>	<u>192.7</u>
Total	<u>2,486.6</u>	<u>282.0</u>	<u>126.6</u>	<u>118.5</u>	<u>143.4</u>	<u>3,157.1</u>
Timing of revenue recognition:						
At a point in time	2,468.6	–	115.5	44.2	81.6	2,709.9
Over time	<u>18.0</u>	<u>53.5</u>	<u>10.1</u>	<u>74.3</u>	<u>61.0</u>	<u>216.9</u>
Total	<u>2,486.6</u>	<u>53.5</u>	<u>125.6</u>	<u>118.5</u>	<u>142.6</u>	<u>2,926.8</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>	Transportation services and property management <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Leisure businesses <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the six months ended 30 September 2024						
REVENUE						
Segment revenue – sales to external customers derived by the Group, an associate and joint ventures	584.2	1,097.2	143.3	99.3	153.1	2,077.1
Excluding revenue of an associate and joint ventures	<u>(397.1)</u>	<u>(827.5)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,224.6)</u>
Consolidated revenue, as reported	<u>187.1</u>	<u>269.7</u>	<u>143.3</u>	<u>99.3</u>	<u>153.1</u>	<u>852.5</u>
RESULTS						
Segment results – total realised results of the Group, associates and joint ventures (<i>note a</i>)	(326.5)	411.5	16.6	(30.7)	(2.0)	68.9
Excluding realised results of associates and joint ventures not shared by the Group	<u>86.2</u>	<u>(126.4)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(40.2)</u>
Results attributable to the Group	<u>(240.3)</u>	<u>285.1</u>	<u>16.6</u>	<u>(30.7)</u>	<u>(2.0)</u>	28.7
Unallocated other income						2.1
Unallocated corporate expenses						(74.5)
Finance costs and corporate level exchange difference						(123.4)
Net unrealised losses on fair value change of investment properties (<i>note b</i>)						(400.5)
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>27.6</u>
Loss for the period						(540.0)
Non-controlling shareholders' share of loss for the period						<u>65.7</u>
Loss for the period attributable to owners of the Company						<u>(474.3)</u>

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Transportation services and property management <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Leisure businesses <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the six months ended 30 September 2023						
REVENUE						
Segment revenue – sales to external customers derived by the Group, an associate and joint ventures	2,839.9	1,173.9	126.6	118.5	143.4	4,402.3
Excluding revenue of an associate and joint ventures	<u>(353.3)</u>	<u>(891.9)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,245.2)</u>
Consolidated revenue, as reported	<u>2,486.6</u>	<u>282.0</u>	<u>126.6</u>	<u>118.5</u>	<u>143.4</u>	<u>3,157.1</u>
RESULTS						
Segment results – total realised results of the Group, associates and joint ventures (<i>note a</i>)	180.9	439.2	15.0	(15.2)	(12.0)	607.9
Excluding realised results of associates and joint ventures not shared by the Group	<u>33.6</u>	<u>(137.0)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(103.4)</u>
Results attributable to the Group	<u>214.5</u>	<u>302.2</u>	<u>15.0</u>	<u>(15.2)</u>	<u>(12.0)</u>	504.5
Unallocated other expenses						(21.8)
Unallocated corporate expenses						(104.9)
Finance costs and corporate level exchange difference						(181.0)
Net unrealised losses on fair value change of investment properties (<i>note b</i>)						(83.7)
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>2.5</u>
Profit for the period						115.6
Non-controlling shareholders' share of loss for the period						<u>2.1</u>
Profit for the period attributable to owners of the Company						<u>117.7</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 2024 of HK\$400.5 million (six months ended 30 September 2023: HK\$83.7 million) represented the unrealised losses on fair value change of investment properties of HK\$400.5 million (six months ended 30 September 2023: HK\$83.7 million) net of deferred tax charge arising from change in fair value of HK\$nil (six months ended 30 September 2023: HK\$nil).

4. FINANCE COSTS

	For the six months ended	
	30 September	
	2024	2023
	<i>HK\$'M</i>	<i>HK\$'M</i>
Interests on		
Bank and other loans	315.6	282.5
Advance from a non-controlling shareholder	65.7	62.6
Lease liabilities	0.9	1.1
Bank and other loans arrangement fees	<u>15.2</u>	<u>16.0</u>
	397.4	362.2
Less: Amounts included in the qualifying assets (<i>note</i>)	<u>(187.0)</u>	<u>(172.3)</u>
	<u>210.4</u>	<u>189.9</u>

Note: To the extent funds are borrowed generally and used for the purpose of financing certain properties under development for sale and assets under construction, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 5.94% (six months ended 30 September 2023: 5.78%) per annum.

5. (LOSS)/PROFIT BEFORE TAXATION

	For the six months ended	
	30 September	
	2024	2023
	<i>HK\$'M</i>	<i>HK\$'M</i>
(Loss)/profit before taxation has been arrived at after (crediting)/charging:		
Bank and other interest income	(39.5)	(41.9)
Net gain on disposal of property, plant and equipment	–	(0.2)
Net exchange (gain)/loss	(53.8)	76.7
Depreciation on property, plant and equipment	89.9	87.7
Depreciation on right-of-use assets	4.2	4.0
Amortisation of intangible assets	1.1	1.1
Fair value change of financial assets at fair value through profit or loss	4.3	16.6
Impairment loss (reversed)/recognised on investment in debt instruments measured at amortised cost	(0.2)	9.9
Impairment loss on properties held for sale	78.1	–
Impairment loss on properties under development for sale	2.0	69.7
Government grants and subsidies	<u>(15.9)</u>	<u>(23.0)</u>

6. TAXATION

	For the six months ended	
	30 September	
	2024	2023
	HK\$'M	HK\$'M
Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profit for the period	23.7	25.3
Overseas tax calculated at rates prevailing in respective jurisdictions	56.5	63.9
Land appreciation tax ("LAT")	<u>(5.4)</u>	<u>158.3</u>
	74.8	247.5
Deferred taxation for the period	<u>(25.1)</u>	<u>98.4</u>
	<u>49.7</u>	<u>345.9</u>

According to the requirements of the Provisional Regulations of 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. (LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

(Loss)/profit for the period attributable to owners of the Company comprises:

	For the six months ended 30 September	
	2024	2023
	HK\$'M	HK\$'M
(a) Net unrealised (losses)/gains on change in fair value of investment properties during the period		
– The Group	(400.5)	(83.7)
– Attributable to non-controlling interests	<u>51.3</u>	<u>6.7</u>
	(349.2)	(77.0)
– Joint venture, net of deferred tax	<u>27.6</u>	<u>2.5</u>
	<u>(321.6)</u>	<u>(74.5)</u>
(b) (Losses)/profits excluding net unrealised gains or losses on change in fair value of investment properties	(152.7)	192.2
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	<u>–</u>	<u>10.1</u>
	<u>(152.7)</u>	<u>202.3</u>
Sub-total	(474.3)	127.8
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	<u>–</u>	<u>(10.1)</u>
(Loss)/profit for the period attributable to owners of the Company	<u>(474.3)</u>	<u>117.7</u>

8. DIVIDENDS

	For the six months ended 30 September	
	2024	2023
	HK\$'M	HK\$'M
No final dividend paid for the financial year ended 31 March 2024 (six months ended 30 September 2023: for the financial year ended 31 March 2023 of HK1 cent per share)	<u>–</u>	<u>14.9</u>

The directors of the Company did not declare any interim dividend for the six months ended 30 September 2024 and 2023.

9. (LOSS)/EARNINGS PER SHARE

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

	For the six months ended 30 September	
	2024	2023
	<i>HK\$'M</i>	<i>HK\$'M</i>
(Loss)/earnings		
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share	<u>(474.3)</u>	<u>117.7</u>
	For the six months ended 30 September	
	2024	2023
Number of shares		
Number of ordinary shares in issue during the period for the purpose of calculating basic (loss)/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	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	<u>1,485,301,803</u>	<u>1,485,301,803</u>

Diluted (loss)/earnings per share for the six months ended 30 September 2024 and 2023 was the same as the basic (loss)/earnings per share since the share options had anti-dilutive effect.

10. 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 clubs and hotel services are receivable on demand.

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the payment due date at the end of the reporting period:

	30 September 2024	31 March 2024
	<i>HK\$'M</i>	<i>HK\$'M</i>
Not yet due	10.6	12.7
Overdue:		
0–60 days	24.9	22.6
61–90 days	4.3	3.4
Over 90 days	<u>13.0</u>	<u>7.4</u>
	<u>52.8</u>	<u>46.1</u>

11. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

At 30 September 2024, included in trade payables, provision and accrued charges are trade payables of HK\$116.0 million (31 March 2024: HK\$87.4 million), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	30 September 2024 <i>HK\$'M</i>	31 March 2024 <i>HK\$'M</i>
Not yet due	95.6	62.8
Overdue:		
0–60 days	18.0	20.8
61–90 days	0.2	0.7
Over 90 days	<u>2.2</u>	<u>3.1</u>
	<u>116.0</u>	<u>87.4</u>

BUSINESS REVIEW

(Save as otherwise stated below, 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\$573 million, was HK\$1,030 million. The contribution of property development and investment in the Period, including proportionate shares of joint ventures and associates of HK\$69 million, was HK\$45 million.

Property Development

Hong Kong

Following the removal of all property cooling measures in late February 2024, Hong Kong's residential property market responded positively with transaction volume in April 2024 increased notably, and then moderated amid high interest rates and subdued stock market performance.

The US Federal Reserve's 0.5% rate cut in September prompted banks in Hong Kong to reduce prime rates by 0.25%, marking the first rate cut in over four years. With Federal Reserve officials signalling potential further cuts this year, it is expected to stimulate latent demand.

At Discovery Bay ("DB"), in which the Group holds a 50% interest, the DB 2.0 Blueprint advanced during the Period. Under Master Plan 7.0E, the new residential development in DB North will add over 1.3 million square feet of gross floor area ("GFA"), providing more than 1,400 residential units. The first phase of this new development is scheduled for completion and handover in the first quarter of 2026.

Planning for DB Area 6f, set to provide approximately 500 residential units, progressed during the Period. Applications to convert DB Service Area 10b and Marina Club Area B to residential use will provide over 800 residential units, including mid-rise, low-rise and garden houses, most offering sea views and access to a 350-metre waterfront promenade. The Town Planning Board approved the revised Outline Zoning Plan incorporating aforementioned land use changes in September 2024, significantly expanding the Group's land bank for future development.

The Group maintains its commitment to enhancing the DB community through the DB 2.0 Blueprint. Plans are underway for Club Siena's renovation, alongside scheduled improvements to Discovery Bay Golf Club.

A new multi-recreation complex under construction will offer diverse educational, sports and leisure activities. Foundation and site formation are complete, with main contract works expected to commence in the second quarter of 2025.

The Group continues developing DB as a vibrant community by promoting environmental awareness, sporty lifestyle and healthy living. During the Period, a series of activities were lined-up, such as “TheNextwave XX24 Beach Music Festival”, Hong Kong’s largest beach music festival, and “DB Summer Splashtopia 2024”. These events attracted substantial visitor numbers, boosting DB’s transportation and retail revenues whilst enhancing brand exposure.

VILLA LUCCA, a luxury residential project in Tai Po (40:60 joint venture with Hysan Development Company Limited), saw increased buyer interest and property viewings following February 2024’s policy changes. With demand for premium luxury residences stabilised, sales strategies are being developed to further encourage transactions.

The Group’s residential projects in Hong Kong are summarised below:

Projects	Status as of 30 September 2024
IL PICCO, DB (50% owned)	<ul style="list-style-type: none"> ● Total units: 21 garden houses ● Units sold: 10 (1 sold during the Period) ● Sales proceeds generated during the Period: HK\$60.0 million ● Revenue of 1 sold unit recognised during the Period
Poggibonsi, DB (50% owned)	<ul style="list-style-type: none"> ● Total units: 196 ● Units sold: 195 (2 sold during the Period) ● Sales proceeds generated during the Period: HK\$35.8 million ● Revenue of 1 sold unit recognised during the Period
VILLA LUCCA, Tai Po (40% owned)	<ul style="list-style-type: none"> ● Total units: 262 ● Units sold: 72 (16 sold during the Period) ● Sales proceeds generated during the Period: HK\$402.8 million ● Revenue of 17 sold units recognised during the Period

Mainland China

During the Period, China’s residential market faced challenges, characterised by subdued sentiment and ongoing consolidation. The Central Government, however, demonstrated firm commitment to revitalising the sector through measures supporting both supply and demand. Various policies and easing of purchase restrictions by local authorities, together with relaxation of mortgage requirements by The People’s Bank of China, laid groundwork for sustainable recovery and further boosted market confidence.

Given the current situation, the Group will implement a more targeted sales strategy for its residential developments in Shanghai and Hangzhou. In line with its investment approach, the Group maintains a prudent stance, balancing risk management whilst exploring value-driven opportunities.

The residential plot in Nanhu New District, Jiaxing, is slated for development as a premium apartment complex with a plot ratio of 2.1. Planning approval and working permits were secured in March 2024, with site work commencing the same month.

At IN One, Hangzhou, all sold units commenced occupancy in April 2024.

River One in Shanghai received pre-sale consent in January 2024, with sales launch in the same month. As of 30 September 2024, 71% of units had been sold. All apartment blocks and villas reached topping-out stage in April 2024. Occupation permit is anticipated to be issued in the second quarter of 2025.

The Group's key residential projects under development in mainland China are:

Projects	GFA (sq. ft.)	Status as of 30 September 2024
<i>Jiaxing, Zhejiang</i>		
Land lot no. 2023-06 in Nanhu New District	1,415,000	<ul style="list-style-type: none"> ● Piling works completed in July 2024 ● Excavation and basement construction in progress ● Five of 23 blocks completed to ground level, meeting pre-sale requirements ● All blocks expected to reach ground level by end-December 2024
<i>Hangzhou, Zhejiang</i>		
IN One	430,000	<ul style="list-style-type: none"> ● Comprises 295 residential units ● Occupancy commenced in April 2024
<i>Shanghai</i>		
River One	350,000	<ul style="list-style-type: none"> ● 262 units with plot ratio of 1.1 ● Superstructure works achieved topping-out in April 2024 ● 71% of units sold as at 30 September 2024

Property Investment

Hong Kong

During the Period, office leasing demand in Hong Kong remained subdued, with vacancy rates at elevated levels. Landlords are vying for tenants by offering rental incentives, capital subsidies, and flexible terms. Meanwhile, local consumption is expected to remain weak, due to the strong Hong Kong dollars, a sluggish local economy, alongside the rising trend of Mainland-bound tourism. Despite the Government's implementation of various campaigns and measures to stimulate retail market sentiment, the downward trend in rental performance for retail properties is likely to persist in the short to medium term.

In this competitive market, shaped by economic fluctuations and evolving tenant preferences, retaining existing tenants and attracting new prospects are crucial. The Group offers flexible terms, including rent-free periods and fitting-out incentives, as part of a proactive strategy to boost occupancy rates and ensure long-term business viability.

The rental performance of the Group's investment properties in DB, in which it holds a 50% interest, experienced a modest impact during the Period. DB Plaza, including its extension, along with DB North, achieved an average occupancy rate of 78.8%. To cater to residents' needs and ensure a balanced business mix, several new restaurants and retail outlets have been introduced amid tenant reshuffling. Plans are underway to enhance DB's facilities and connectivity, aiming to provide an improved experience for both residents and visitors.

Despite challenging conditions, the CDW Building in Tsuen Wan maintained an average occupancy rate of approximately 91.6% during the Period. The 8½ retail arcade showed resilience, recording an increase in retail sales and foot traffic, and a notable average occupancy rate of 98.1%.

The United Daily News Centre in To Kwa Wan recorded an average occupancy rate of 89.7% during the Period. Approval for changing its land use from industrial to residential is pending the conclusion of land premium negotiations.

West Gate Tower in Cheung Sha Wan achieved an average occupancy rate of 86.8% during the Period, a commendable performance given the competitive landscape posed by new office developments in the neighbourhood.

Concurrently, the Wellgan Villa residential property in Kowloon Tong demonstrated strong performance with an average occupancy rate of 97.4% during the Period.

The Hollywood Road and Upper Lascar Row project is planned to be developed into a premium serviced apartment. Superstructure works commenced in October 2024.

Mainland China

The HKRI Centres One and Two office towers at HKRI Taikoo Hui (“HTH”) in Shanghai (in which the Group holds a 50% interest) achieved a combined average occupancy rate of 95.7% during the Period. Despite challenging operational conditions and fierce competition, the HKRI Centres significantly outperformed market expectations.

HTH strengthened its position as a premier luxury and lifestyle shopping destination, continuing its mall reconfiguration during the Period to enhance tenant mix. The ongoing enhancement works resulted in a modest 4% decline in foot traffic and reduced occupancy rates. During the Period, the retail segment maintained an average occupancy rate of 78.1%.

Hangzhou’s office rental market remains challenging. The Group maintains excellence in management services and proactive tenant engagement, aiming to address tenant needs whilst sustaining market competitiveness. HKR International Centre, comprising 156 office units and rights of use for 62 parking spaces, recorded an average occupancy rate of 81.7% during the Period.

In Tianjin, The Exchange, in which the Group holds a 15% interest, achieved an average occupancy rate of 90.3% during the Period.

TRANSPORTATION SERVICES AND PROPERTY MANAGEMENT

Transportation Services

DB’s transportation operations, comprising ferry, bus and tunnel services, are managed by the Group’s various subsidiaries (in which the Group holds a 50% interest). During the Period, ferry and bus services for DB North were enhanced to meet contemporary customer needs, with overall demand remained stable.

Supporting DB North’s development, a new bus route connecting DB North and Tung Chung was launched in July 2024, enhancing convenience for residents and visitors. Meanwhile, the implementation of a fleet management e-system has enabled new functionality in the DB Transport Mobile App, allowing passengers to track estimated bus arrival times on key DB routes.

With enhancement works completed at DB Pier and Central Pier No. 3, the new gateways provide brand new experience to residents and visitors to DB. The ferry fare collection system has been upgraded with increased capacity. The Group is exploring additional electronic payment options beyond the Octopus card system.

Advancing its sustainability commitment to reduce vehicle emissions, the Group has ordered an electric bus, scheduled for deployment in DB by the fourth quarter of 2025.

Property Management

The Group's property management services in DB and across Hong Kong demonstrated strong performance during the Period, garnering recognition for both sustainability initiatives and service excellence.

The "Individual Sustainable Development Goals Award – Goal 17: Partnerships for The Goals" acknowledged the Group's sustainability achievements, whilst the "Champion Award of Age-Friendly Housing Estate" recognised its service excellence in supporting the ageing population.

In occupational safety, DB achieved an "Excellent" grade under the Occupational Safety and Health Council's "Hong Kong Safety and Health Certification Scheme", highlighting the Group's commitment to workplace safety in property management.

HOTEL OPERATIONS AND LEISURE BUSINESSES

Hotel Operations

The global hospitality sector faces mounting challenges as tourist arrivals struggle to return to pre-pandemic levels, delaying recovery in hotel occupancy and tourism spendings.

Throughout the Period, the Group's hotel operations in Hong Kong, Shanghai and Bangkok demonstrated strong resilience, adapting to Chinese tourists' evolving preferences for experiential and flexible travel options.

Hong Kong

As a unique resort destination, DB's diverse hospitality offerings provide immersive experiences and are well-positioned to capture rising demand for experiential travel. This is strengthened through cross-selling initiatives within the Group's leisure brands and partnerships with leading external brands.

Auberge Discovery Bay Hong Kong (in which the Group holds a 50% interest) has actively pursued business opportunities through trade shows and overseas sales trips. The hotel has further expanded into the wedding segment, participating in wedding expos and hosting venue open days during the Period. Concurrently, the hotel has also enhanced its family offerings and food and beverage options, and re-launched the signature Sunday Brunch Buffet to entice return customers. These initiatives received positive response from the market and wide coverage by KOLs.

Mainland China

The hotel market in mainland China continued its strong performance in first-half 2024, supported by sustained international and domestic travel demand, with Shanghai recorded a remarkable growth. Limited room supply in the market contributed to continued growth in average room rates, extending trends from the previous financial year.

The Sukhothai Shanghai (in which the Group holds a 50% interest) capitalised on this market momentum, achieving high occupancy rates and strong room rate growth through strategic positioning and tailored guest experiences.

Looking ahead, focus remains on differentiation through continuous expansion of premium offerings, digital integration, and provision of personalised service innovations and unique travel experiences.

Thailand

Thailand's tourism-driven economy has shown robust growth from increased international arrivals. Nevertheless, the oversupply of hotel rooms in Bangkok posed challenges to The Sukhothai Bangkok, leading to a slowdown in occupancy and revenue. Despite this, completed room renovations and pool enhancements have been crucial to recovery efforts.

The Sukhothai Spa, a new luxury complex, soft-launched in August 2024, marking a significant milestone in Bangkok's luxury hospitality sector.

The hotel continues to focus on key priorities such as boosting occupancy, elevating brand reputation and enhancing performance through guest experience excellence and targeted marketing.

Leisure Businesses

DB houses four premium membership clubs: Discovery Bay Recreation Club ("DBRC"), Club Siena, Discovery Bay Golf Club ("DBGC") and Lantau Yacht Club ("LYC"), alongside the state-of-the-art DB Ice Rink ("DBIR"). These leisure businesses are establishing industry leadership position through innovative design, cutting-edge infrastructure and exceptional operational standards.

LYC's superyacht berths and top-notch services have driven membership acquisition. The club has expanded into the wedding and corporate events segment, offering exclusive and picturesque venues with premium amenities.

LYC further strengthened its market position by hosting the second boat show "Festa Nautica", showcasing premium yachts, luxury lifestyle experiences and the city's edge in the yachting industry. With the growth of yacht tourism alongside the Government's advocate for promoting yacht tourism, LYC is well positioned and ready to capture this rising demand.

During the Period, DBGC recorded strong membership transfers, underscoring its appeal among golf enthusiasts. Planned renovations are in the pipeline, which will enhance member experience.

DBIR has established itself as a premier international sports competition venue and elite skating academy. Notable events included the "East West Spring Classic 2024" ice hockey tournament and the inaugural "ISI Hong Kong Invitational 2024 @DB Ice Rink", drawing regional and international teams to DB.

The Group holds a 50% interest in all of DB's leisure businesses.

HUMAN RESOURCES

As of 30 September 2024, the Group proudly employed a diverse and talented workforce of 1,450 individuals. Recognising the importance of staying competitive in the ever-evolving human capital market, the Group continually refines its talent development practices, enhances fringe benefits, and reinforces corporate culture through various wellness and staff engagement activities. These initiatives underscore the Group's commitment to fostering a positive and supportive work environment, and cultivating a harmonious workspace where employees can thrive.

OUTLOOK

The global economic landscape presents significant challenges for the Company in 2024. During the Period, a combination of geopolitical tension, interest rate hike and inflationary pressure, has created considerable uncertainty.

In Hong Kong, the stock market reflected this macroeconomic situation with notable volatility, and largely impacted market sentiments. The recent interest rate cut slightly boosted the property market, resulting in some signs of stabilisation after a prolonged period of decline, however, the pace of further rate cuts and the lingering impact of a sluggish economy may hinder a full recovery.

Turning to mainland China, the property market has been significantly influenced by the Central Government's multi-approach policies announced toward the end of the Period. Consequently, there has been a modest recovery in property transactions and price in some key cities. These supportive measures may take time to yield long-term positive impacts. Challenges also remain in balancing growth and debt management within the sector.

In these evolving market dynamics, prioritising business sustainability has become increasingly important. To advance DB to the 2.0 stage, the Group adopts a strategic development approach that centres the future residential property projects, complemented by a series of advancements in commercial, recreational, hospitality sectors, as well as enhanced connectivity.

This holistic approach aims to deliver long-term business synergy, enhance resilience against market fluctuations, while fulfilling the Group's commitment to creating a better community for both residents and visitors. Nevertheless, it also serves as both a blueprint for future growth and a vital element of its risk management framework, demonstrating our adaptability and resilience in the face of ongoing challenges.

Looking ahead, the Group will continue maintaining a prudent approach in monitoring market conditions, diligently assessing value-driven opportunities, while adhering to a robust risk management strategy. This will enable the Group to navigate the current changing economic landscape and cement a solid foundation for sustainable growth in the future.

FINANCIAL REVIEW

SEGMENT RESULT ANALYSIS

Property Development

Segment result of the property development segment recorded a loss of HK\$240.3 million (six months ended 30 September 2023: profit of HK\$214.5 million). The decline in segment result was attributed to: (i) no launch of new development project in the Period while in the last corresponding period, the segment benefited from the completed sales of Starlight One in mainland China; (ii) sales of properties held for sale in Hong Kong and mainland China have been slow due to cautious market sentiment during the Period; and (iii) further provisions made for impairment losses on property development projects held by the Group and its joint venture. As of 30 September 2024, the Group has HK\$1,133.3 million contracted but unrecognised property sales.

Property Investment

Segment result of the property investment segment declined by 5.7% to HK\$285.1 million (six months ended 30 September 2023: HK\$302.2 million). During the Period, the segment recorded overall decline on rental revenues generated from its investment portfolios due to lower occupancies and lower rental rate upon renewal. The Group's share of result of the joint venture, HTH slightly decreased from HK\$137.0 million to HK\$126.4 million owing to the revamped renovation of retail mall currently in progress which temporarily impacted its occupancy.

Transportation Services and Property Management

Segment result of transportation services and property management segment increased by 10.7% to HK\$16.6 million (six months ended 30 September 2023: HK\$15.0 million). Average daily ridership of bus services has been steadily improving, surpassing that of the last corresponding period while ferry ridership has yet to catch up. The Group has implemented timely fare adjustments in August and prioritised cost control measures to alleviate the operating cost pressure from fuel and staff costs and started to seeing fruitful result.

Hotel Operations

The hotel operations segment recorded an overall segment loss of HK\$30.7 million for the Period (six months ended 30 September 2023: HK\$15.2 million). The Sukhothai Bangkok's occupancy has been improving after the refurbishment of guest rooms. Auberge Discovery Bay Hong Kong's has been impacted by the shift of consumption behavior of inbound tourists and intensified competition from hotels in nearby areas, causing a decline on its room occupancy, food and beverage operations and overall operating performance when compared to the last corresponding period.

Leisure Businesses

The leisure businesses segment, which primarily includes DBRC, Club Siena, DBGC, LYC and DBIR, recorded segment loss of HK\$2.0 million for the Period (six months ended 30 September 2023: HK\$12.0 million). Improvement in overall segment loss was largely attributed to higher incomes from DBGC's debenture transfers and increased cost control measures across all the segment operating units.

LIQUIDITY AND FINANCIAL RESOURCES

Net Debt and Capital Structure

As of 30 September 2024, the Group had total bank balances and cash of HK\$2,228.2 million (31 March 2024: HK\$1,605.8 million) and a net debt of HK\$9,343.8 million (31 March 2024: HK\$9,021.4 million) after deducting total bank borrowings and other loans of HK\$11,572.0 million (31 March 2024: HK\$10,627.2 million).

As of 30 September 2024, about 33% of the Group's bank balances and cash were denominated in Hong Kong dollars, 38% in Renminbi, 11% in US dollars, 13% in Japanese Yen and the remaining were mainly in Singapore dollars and Thai Baht.

As of 30 September 2024, the Group's debt portfolio comprised of primarily bilateral and syndicated bank loans to finance its general working capital and the development projects. The unlisted notes of HK\$300 million was issued under Medium Term Note programme in May 2021.

The maturity profile of bank borrowings and other loans were 51.7% (31 March 2024: 35.2%) falling within one year, 11.2% (31 March 2024: 27.2%) falling between one and two years, 34.5% (31 March 2024: 34.8%) falling between two and five years and 2.6% (31 March 2024: 2.8%) falling over 5 years.

As of 30 September 2024, all bank borrowings and other loans were on floating rate basis whereas the unlisted notes were with fixed coupon rate. The Group's total bank borrowings and other loans were all denominated in Hong Kong dollars.

Shareholders' Fund and Gearing

As of 30 September 2024, the shareholders' fund of the Group decreased by HK\$149.1 million to HK\$23,209.2 million (31 March 2024: HK\$23,358.3 million).

The Group's gearing ratio was 40.3% (31 March 2024: 38.6%) as calculated by the Group's consolidated net borrowings to the shareholders' fund as of 30 September 2024.

Availability of Facilities

Total available loan facilities as of 30 September 2024 were HK\$16,611.0 million (31 March 2024: HK\$17,611.0 million), of which 81.9% were committed.

As of 30 September 2024, the unutilised credit facilities were approximately HK\$5,018.2 million (31 March 2024: HK\$6,958.2 million). The Group closely monitors its liquidity requirements and arranges financing for its development projects and operations as and when appropriate.

During the Period, the average financing cost was at 5.7% per annum as compared to 5.5% per annum in the last corresponding period.

With the ample internal resources, unutilised loan facilities, and the ready access to the loan and debt capital markets, the Group has sufficient financial resources to fund its current commitments and future potential investment opportunities ahead.

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.

The use of derivative financial instruments is strictly controlled and are primarily used for management of interest rate and currency exposures. It is the policy of the Group to restrict the use of financial derivatives for speculative purpose.

PLEDGE OF ASSETS

As of 30 September 2024, the loans advanced to a joint venture by the Group including interest payable amounting to approximately HK\$1,855.8 million (31 March 2024: HK\$1,695.8 million) were subordinated to banks to secure a banking facility granted to the joint venture for financing the development project in Tai Po.

FINANCIAL GUARANTEE CONTRACTS

The Company provided a corporate guarantee in proportionate share to banks for securing a banking facility granted to a joint venture to finance the development project in Tai Po. The bank loan balance in proportionate share of 40% is HK\$654.0 million (31 March 2024: HK\$884.5 million) as of 30 September 2024.

Save as disclosed above, the Group did not have other significant financial guarantee contract as of 30 September 2024.

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

The Company is committed to good corporate governance which it believes to be core to the success of its businesses and operations. During the Period, the Company has applied the principles and complied with all applicable code provisions, and certain recommended best practices of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

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
Executive Chairman

Hong Kong, 18 November 2024

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

Executive Chairman

Mr CHA Mou Zing Victor

Non-executive Deputy Chairman

Ms WONG CHA May Lung Madeline

Executive Directors

Mr TANG Moon Wah (*Managing Director*)

Mr LEE Ivan Wank-hay

Ms NGAN Man Ying

Non-executive Directors

Mr CHA Mou Daid Johnson

Mr CHA Yiu Chung Benjamin

Independent Non-executive Directors

Mr CHEUNG Wing Lam Linus

Mr FAN Hung Ling Henry

Ms Barbara SHIU

Mr TANG Kwai Chang

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