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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 2023**

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 2023 (the “Period”).

### **INTERIM RESULTS**

The Group recorded consolidated revenue of HK\$3,157.1 million (six months ended 30 September 2022: HK\$796.3 million), representing a period-on-period increase of 296.5%. Underlying profit excluding net unrealised losses on fair value change of investment properties (“Underlying Profit”) of HK\$74.5 million, was HK\$192.2 million, up by 576.8%.

The surge in consolidated revenue and Underlying Profit was mainly attributed to the comparative low revenue and profit bases in the last corresponding period during which there was no completion of new development project in Hong Kong and mainland China. During the Period, the sale launch of Starlight One, a residential project in mainland China, provided the main driver for the Group’s consolidated revenue and Underlying Profit, causing the substantial increase in both financial indicators. Together with robust revenue and profit contribution from the Group’s property investments, the Group’s segment result was HK\$504.5 million, up 138.5% over that of the last corresponding period.

At the same time, the Underlying Profit of the Group has been impacted by interest rate hikes, continuous depreciation of Renminbi, Thai Baht and Japanese Yen and recorded increases in both finance costs and net exchange losses for the Period.

After taking into account the net unrealised losses on fair value change of investment properties, the profit attributable to owners of the Company amounted to HK\$117.7 million, increased by 568.8% from HK\$17.6 million in the last corresponding period.

Basic earnings per share were HK7.9 cents for the Period, compared to HK1.2 cents for the last corresponding period.

### **INTERIM 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

	<i>Notes</i>	For the six months ended	
		2023	2022
		<i>HK\$'M</i>	<i>HK\$'M</i>
		(unaudited)	(unaudited)
Revenue	3	3,157.1	796.3
Cost of sales		<u>(2,046.4)</u>	<u>(443.5)</u>
Gross profit		1,110.7	352.8
Other income		81.2	105.1
Other gains and losses		(177.2)	(111.1)
Selling, administrative and other operating expenses		(398.1)	(310.2)
Change in fair value and gains on disposals of investment properties			
Realised gains on disposals		0.7	26.9
Unrealised losses		(83.7)	(16.6)
Finance costs	4	(189.9)	(85.3)
Share of results of associates		(0.1)	(0.1)
Share of results of joint ventures		<u>117.9</u>	<u>123.8</u>
Profit before taxation	5	461.5	85.3
Taxation	6	<u>(345.9)</u>	<u>(46.4)</u>
Profit for the period		<u>115.6</u>	<u>38.9</u>
Profit/(loss) for the period attributable to:			
Owners of the Company	7	117.7	17.6
Non-controlling interests		<u>(2.1)</u>	<u>21.3</u>
		<u>115.6</u>	<u>38.9</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	9		
Basic		<u>7.9</u>	<u>1.2</u>
Diluted		<u>7.9</u>	<u>1.2</u>

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

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Profit for the period	<u>115.6</u>	<u>38.9</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	(4.5)	(21.4)
Deferred tax arising from fair value changes	<u>—</u>	<u>0.1</u>
	<u>(4.5)</u>	<u>(21.3)</u>
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising from foreign joint ventures	(363.7)	(888.9)
Exchange differences arising from translation of other foreign operations	(379.0)	(743.3)
Release of exchange reserve upon deregistration of foreign subsidiaries	<u>—</u>	<u>1.9</u>
	<u>(742.7)</u>	<u>(1,630.3)</u>
Other comprehensive expense for the period, net of tax	<u>(747.2)</u>	<u>(1,651.6)</u>
Total comprehensive expense for the period	<u>(631.6)</u>	<u>(1,612.7)</u>
Total comprehensive (expense)/income attributable to:		
Owners of the Company	(629.5)	(1,634.0)
Non-controlling interests	<u>(2.1)</u>	<u>21.3</u>
	<u>(631.6)</u>	<u>(1,612.7)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>30 September 2023 HK\$'M (unaudited)</b>	31 March 2023 HK\$'M (audited)
<b>Non-current assets</b>			
Investment properties		14,131.3	14,157.2
Property, plant and equipment		2,611.8	2,648.1
Intangible assets		9.8	–
Right-of-use assets		74.0	78.2
Interests in associates		–	–
Interests in joint ventures		9,639.7	10,105.3
Properties held for development for sale		3,026.8	3,149.7
Equity instruments measured at fair value through other comprehensive income		19.6	24.7
Financial assets at fair value through profit or loss		427.9	462.1
Investments in debt instruments measured at amortised cost		28.1	49.5
Other assets		341.1	396.8
Deferred tax assets		51.6	109.4
		<b>30,361.7</b>	<b>31,181.0</b>
<b>Current assets</b>			
Inventories		33.6	31.8
Properties held for sale		571.5	2,337.5
Properties under development for sale		6,383.2	6,067.8
Trade receivables	10	41.2	47.6
Deposits, prepayments and other receivables		1,166.4	750.4
Loans to a joint venture		277.1	–
Amounts due from associates		4.0	4.0
Amounts due from joint ventures		173.8	192.1
Investments in debt instruments measured at amortised cost		32.8	21.6
Taxation recoverable		89.3	56.0
Bank balances and cash		2,992.2	6,212.6
		<b>11,765.1</b>	<b>15,721.4</b>
<b>Current liabilities</b>			
Trade payables, provision and accrued charges	11	1,010.7	1,169.3
Deposits received and other financial liabilities		159.4	1,363.1
Contract liabilities		99.9	2,075.4
Bank and other loans due within one year		2,398.6	2,297.4
Lease liabilities		6.0	6.0
Taxation payable		295.9	291.0
		<b>3,970.5</b>	<b>7,202.2</b>
Net current assets		<b>7,794.6</b>	<b>8,519.2</b>
Total assets less current liabilities		<b>38,156.3</b>	<b>39,700.2</b>

	<b>30 September 2023 HK\$'M (unaudited)</b>	31 March 2023 HK\$'M (audited)
Non-current liabilities		
Contract liabilities	<b>56.8</b>	70.9
Bank and other loans due after one year	<b>8,322.8</b>	9,281.7
Lease liabilities	<b>44.8</b>	47.9
Other liabilities due after one year	<b>2,677.4</b>	2,621.9
Deferred tax liabilities	<b>435.7</b>	406.9
	<u><b>11,537.5</b></u>	<u>12,429.3</u>
	<u><b>26,618.8</b></u>	<u>27,270.9</u>
Capital and reserves		
Share capital	<b>371.3</b>	371.3
Reserves	<b>23,382.2</b>	24,026.6
Equity attributable to owners of the Company	<b>23,753.5</b>	24,397.9
Non-controlling interests	<b>2,865.3</b>	2,873.0
	<u><b>26,618.8</b></u>	<u>27,270.9</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

### 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 2023 are consistent with those set out in the annual report for the year ended 31 March 2023 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 issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

#### (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>
<b>For the six months ended 30 September 2023</b>						
<b>Types of goods or services:</b>						
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>
<b>Geographical markets:</b>						
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>
<b>Timing of revenue recognition:</b>						
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>

	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 2022						
<b>Types of goods or services:</b>						
Sales of properties	126.5	–	–	–	–	126.5
Hotel revenue	–	–	–	126.4	–	126.4
Other services rendered	<u>12.5</u>	<u>16.1</u>	<u>127.8</u>	<u>–</u>	<u>148.6</u>	<u>305.0</u>
Revenue from contracts with customers	139.0	16.1	127.8	126.4	148.6	557.9
Rental income	<u>–</u>	<u>237.5</u>	<u>0.4</u>	<u>–</u>	<u>0.5</u>	<u>238.4</u>
Consolidated revenue, as reported	<u>139.0</u>	<u>253.6</u>	<u>128.2</u>	<u>126.4</u>	<u>149.1</u>	<u>796.3</u>
<b>Geographical markets:</b>						
Hong Kong	58.2	240.5	128.2	100.8	149.1	676.8
Mainland China	80.4	12.8	–	–	–	93.2
Japan	–	0.3	–	–	–	0.3
South East Asia	<u>0.4</u>	<u>–</u>	<u>–</u>	<u>25.6</u>	<u>–</u>	<u>26.0</u>
Total	<u>139.0</u>	<u>253.6</u>	<u>128.2</u>	<u>126.4</u>	<u>149.1</u>	<u>796.3</u>
<b>Timing of revenue recognition:</b>						
At a point in time	126.5	–	120.1	56.2	89.8	392.6
Over time	<u>12.5</u>	<u>16.1</u>	<u>7.7</u>	<u>70.2</u>	<u>58.8</u>	<u>165.3</u>
Total	<u>139.0</u>	<u>16.1</u>	<u>127.8</u>	<u>126.4</u>	<u>148.6</u>	<u>557.9</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>
<b>For the six months ended 30 September 2023</b>						
<b>REVENUE</b>						
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>
<b>RESULTS</b>						
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>

	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 2022						
<b>REVENUE</b>						
Segment revenue – sales to external customers derived by the Group, an associate and joint ventures	184.8	1,108.1	128.2	126.4	149.1	1,696.6
Excluding revenue of an associate and joint ventures	<u>(45.8)</u>	<u>(854.5)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(900.3)</u>
Consolidated revenue, as reported	<u>139.0</u>	<u>253.6</u>	<u>128.2</u>	<u>126.4</u>	<u>149.1</u>	<u>796.3</u>
<b>RESULTS</b>						
Segment results – total realised results of the Group, associates and joint ventures ( <i>note a</i> )	(126.5)	405.9	32.2	(4.9)	17.1	323.8
Excluding realised results of associates and joint ventures not shared by the Group	<u>15.0</u>	<u>(127.3)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(112.3)</u>
Results attributable to the Group	<u>(111.5)</u>	<u>278.6</u>	<u>32.2</u>	<u>(4.9)</u>	<u>17.1</u>	211.5
Unallocated other expenses						(13.0)
Unallocated corporate expenses						(58.8)
Finance costs and corporate level exchange difference						(89.8)
Net unrealised losses on fair value change of investment properties ( <i>note b</i> )						(16.6)
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>5.6</u>
Profit for the period						38.9
Non-controlling shareholders' share of profit for the period						<u>(21.3)</u>
Profit for the period attributable to owners of the Company						<u>17.6</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 2023 of HK\$83.7 million (six months ended 30 September 2022: HK\$16.6 million) represented the unrealised losses on fair value change of investment properties of HK\$83.7 million (six months ended 30 September 2022: HK\$16.6 million) net of deferred tax charge arising from change in fair value of HK\$nil (six months ended 30 September 2022: HK\$nil).

#### 4. FINANCE COSTS

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'M</b>	<b>HK\$'M</b>
Interests on		
Bank and other loans	<b>282.5</b>	98.6
Advances from a non-controlling shareholder	<b>62.6</b>	30.0
Lease liabilities	<b>1.1</b>	1.2
Bank and other loans arrangement fees	<b>16.0</b>	15.0
	<b>362.2</b>	144.8
Less: Amounts included in the qualifying assets ( <i>note</i> )	<b>(172.3)</b>	(59.5)
	<b>189.9</b>	85.3

*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 5.78% (six months ended 30 September 2022: 2.24%) per annum.

#### 5. PROFIT BEFORE TAXATION

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'M</b>	<b>HK\$'M</b>
Profit before taxation has been arrived at after (crediting)/charging:		
Bank and other interest income	<b>(41.9)</b>	(19.1)
Net (gain)/loss on disposal of property, plant and equipment	<b>(0.2)</b>	0.1
Net gain on deregistration of subsidiaries	–	(0.5)
Net exchange loss	<b>76.7</b>	70.8
Depreciation of property, plant and equipment	<b>87.1</b>	96.1
Depreciation of right-of-use assets	<b>4.0</b>	4.4
Amortisation of intangible assets	<b>1.1</b>	–
Fair value change of financial assets at fair value through profit or loss	<b>16.6</b>	35.5
Impairment loss on investments in debt instruments measured at amortised cost	<b>9.9</b>	3.1
Impairment loss on properties under development for sale	<b>69.7</b>	–
Government grants and subsidies	<b>(23.0)</b>	(60.3)

## 6. TAXATION

	For the six months ended	
	30 September	
	2023	2022
	<i>HK\$'M</i>	<i>HK\$'M</i>
Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profit for the period	25.3	25.0
Overseas tax calculated at rates prevailing in respective jurisdictions	63.9	96.4
Land appreciation tax ("LAT")	<u>158.3</u>	<u>8.3</u>
	247.5	129.7
Deferred taxation for the period	<u>98.4</u>	<u>(83.3)</u>
	<u>345.9</u>	<u>46.4</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. PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	<b>For the six months ended 30 September</b>	
	<b>2023</b>	2022
	<i>HK\$'M</i>	<i>HK\$'M</i>
(a) Net unrealised (losses)/gains on change in fair value of investment properties during the period		
– The Group	(83.7)	(16.6)
– Deferred tax charge	–	–
– Attributable to non-controlling interests	<u>6.7</u>	<u>0.2</u>
	(77.0)	(16.4)
– Joint venture, net of deferred tax	<u>2.5</u>	<u>5.6</u>
	<u>(74.5)</u>	<u>(10.8)</u>
(b) Profits excluding net unrealised gains on change in fair value of investment properties	192.2	28.4
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>10.1</u>	<u>9.2</u>
	<u>202.3</u>	<u>37.6</u>
Sub-total	127.8	26.8
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>(10.1)</u>	<u>(9.2)</u>
Profit for the period attributable to owners of the Company	<u>117.7</u>	<u>17.6</u>

## 8. DIVIDENDS

	<b>For the six months ended 30 September</b>	
	<b>2023</b>	2022
	<i>HK\$'M</i>	<i>HK\$'M</i>
Final dividend paid for the financial year ended 31 March 2023 of HK1 cent (six months ended 30 September 2022: for the financial year ended 31 March 2022 of HK5 cents) per share	<u>14.9</u>	<u>74.3</u>

The directors of the Company did not declare any interim dividend for the six months ended 30 September 2023 and 2022.

## 9. EARNINGS PER SHARE

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

	<b>For the six months ended 30 September</b>	
	<b>2023</b>	2022
	<i>HK\$'M</i>	<i>HK\$'M</i>
<b>Earnings</b>		
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	<u>117.7</u>	<u>17.6</u>
	<b>For the six months ended 30 September</b>	
	<b>2023</b>	2022
<b>Number of shares</b>		
Number of ordinary shares in issue during the period for the purpose of calculating basic earnings per share	<b>1,485,301,803</b>	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 earnings per share	<u><b>1,485,301,803</b></u>	<u>1,485,301,803</u>

Diluted earnings per share for the six months ended 30 September 2023 and 2022 was the same as the basic 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:

	<b>30 September 2023</b>	31 March 2023
	<i>HK\$'M</i>	<i>HK\$'M</i>
Not yet due	<b>19.8</b>	24.5
Overdue:		
0–60 days	<b>15.0</b>	13.4
61–90 days	<b>2.8</b>	1.6
Over 90 days	<u><b>3.6</b></u>	<u>8.1</u>
	<u><b>41.2</b></u>	<u>47.6</u>

## 11. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

At 30 September 2023, included in trade payables, provision and accrued charges are trade payables of HK\$89.1 million (31 March 2023: HK\$54.8 million), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	<b>30 September 2023 <i>HK\$'M</i></b>	31 March 2023 <i>HK\$'M</i>
Not yet due	<b>44.8</b>	39.4
Overdue:		
0–60 days	<b>40.8</b>	13.4
61–90 days	<b>0.3</b>	–
Over 90 days	<b>3.2</b>	2.0
	<b><u>89.1</u></b>	<u>54.8</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\$589 million, was HK\$3,357 million. The contribution of property development and investment in the Period, including proportionate shares of joint ventures and associates of HK\$115 million, was HK\$517 million.

#### **Property Development**

##### ***Hong Kong***

Hong Kong's post-pandemic economic recovery has been subdued, with the city registering modest GDP growth of 1.5% in the second quarter of 2023 compared to the previous year, which had decelerated from the first quarter, primarily due to weakened export demand and investment spending decline. Concurrently, the residential property market experienced a transaction volume decline, while prices continued to decrease during the Period. These trends were primarily influenced by interest rate hikes and a subdued economy. The Group anticipates a continuation of this downward trajectory in the short run, and will prudently assess the situation and accordingly adjust its strategies.

At Discovery Bay ("DB"), in which the Group holds a 50% interest, branding, development and upgrading works continued during the Period. Implementation of various initiatives outlined in the DB2.0 Roadmap is progressing as planned, aimed at enhancing the facilities and offerings in DB. Notably, the construction of a new multi-recreation centre complex, which will provide a diverse range of educational, sports, and leisure activities, is underway.

The Group remained committed to developing DB as a vibrant community and sought-after destination, focusing on promoting a lifestyle that is environmentally friendly, sporty, and health-conscious.

Various branding initiatives and third-party events were staged in DB during the Period, including the renowned "Discovery Bay Easter Egg Hunt on the Beach 2023" and "The NextWave Beach Music Festival", the largest beach music festival in Hong Kong. The events attracted a notable number of visitors, generated considerable revenue for DB's transportation services and retail portfolio, and significantly increased DB's brand exposure.

In addition to these flagship events, the Group collaborated with the Hong Kong Tourism Board to expand into the MICE (Meetings, Incentives, Conferences, and Exhibitions) market segment. Furthermore, a rebranding campaign that aims to rejuvenate the DB brand and position DB as a truly international community and destination, is to be launched in early 2024.

Under the Discovery Bay Master Plan 7.0E, which covers an additional gross floor area ("GFA") of over 1.3 million square feet and provides over 1,400 residential units, superstructure work of the first phase (Phase 19) is expected to conclude by end 2025 while the next phase (Phase 20) foundation works will commence by end 2024.



The planning of DB Area 6f, which will provide about 500 residential units, is progressing during the Period. Applications to change the land use of DB Service Area 10b and Marina Club Area B to residential were approved by the Town Planning Board in August this year. These projects will provide over 800 residential units, including midrise, lowrise and garden houses, all boasting scenic sea views and featuring a 350-metre-long waterfront promenade.

Turning to other districts, foundation works of the residential redevelopment project at Hollywood Road and Upper Lascar Row are in progress, and the project is expected to be completed by the end of 2025.

Despite the prevailing soft market conditions, sales of the Group's diverse residential projects in Hong Kong including VILLA LUCCA (a 40:60 joint-venture with Hysan Development Company Limited), a luxury residential project in Tai Po, continued.

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

<b>Projects</b>	<b>Status as of 30 September 2023</b>
Poggibonsi, DB (50% owned)	Total units: 196 Units sold: 191 (1 sold during the Period) Sale proceeds generated during the Period: HK\$52.3 million Revenue of 3 sold units recognised during the Period.
IL PICCO, DB (50% owned)	Total units: 21 garden houses Units sold: 8 (1 sold during the Period) Sale proceeds generated during the Period: HK\$53.0 million Revenue of 1 sold unit recognised during the Period.
VILLA LUCCA, Tai Po (40% owned)	Total units: 262 Units sold: 27 (9 sold during the Period) Sale proceeds generated during the Period: HK\$299.8 million Revenue of 13 sold units recognised during the Period.

### ***Mainland China***

During the Period, the mainland China property market faced challenges. Home prices and sales volume declined, along with a decrease in property investment. Authorities responded by implementing measures to stabilise the sector, including lowering mortgage rates and relaxing purchase restrictions. In light of these market headwinds, the Group closely monitors the evolving market situation and continually reviews its investment, development, as well as sales and marketing strategies. In doing so, the Group endeavours to reinforce its commitment to delivering high-quality products.

Starlight One, a deluxe residential project of 392 high-rise apartments and villas in Jiaxing launched in March 2023, was 99% sold as of 30 September 2023. Most units had been handed over to buyers in July 2023.

In March 2023, the Group acquired a residential plot in Jiaxing's Nanhu New District encompassing a GFA of 1,415,000 square feet. The site will be developed into a premium apartment development with a plot ratio of 2:1. Schematic design has been submitted for approval and works are expected to commence in March 2024.

The development of IN One, an upscale low-density project in Hangzhou, is progressing according to schedule. This project consists of 245 apartments and 50 villas, and the anticipated completion is in January 2024.

The residential plot in Shanghai’s Songjiang District, which the Group acquired in January 2022, was named “River One” in August 2023. It is being developed into low-density residences providing around 300 apartments and villas. Superstructure works are in progress, and sales launch is planned for the end of 2023.

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

<b>Projects</b>	<b>GFA (sq. ft.)</b>	<b>Status as of 30 September 2023</b>
<i>Jiaxing, Zhejiang</i>		
Land lot no. 2023-06 in Nanhu New District	1,415,000	Schematic design submitted to statutory bodies for approval before construction drawing submission. Expected works commencement: March 2024
<i>Hangzhou, Zhejiang</i>		
IN One	430,000	245 low-rise apartments and 50 villas. Construction works: Undergoing interior fitting out and outdoor landscaping works. Expected completion: January 2024
<i>Shanghai</i>		
River One	350,000	Around 300 units with a plot ratio of 1:1. Superstructure works in progress Sales activities expected to launch by end of 2023

## **Property Investment**

### ***Hong Kong***

As international borders reopened, Hong Kong’s economy gradually recovered, with inbound tourist numbers and consumer spending growing modestly. The anticipated arrival of tourists from both mainland China and abroad is expected to invigorate Hong Kong’s economic growth to a certain extent. Furthermore, the government’s initiatives, including the Night Vibes Hong Kong campaign, will facilitate economic expansion.

The Group implemented leasing strategies during the Period to sustain high occupancy rates and attract new tenants. The initiatives encompassed a range of marketing campaigns, offered flexible lease terms, and provided furniture and fitting-out packages to meet potential tenants’ diverse needs.

The Group’s investment properties in DB, in which it holds a 50% interest, performed consistently during the Period. DB Plaza (including DB Plaza extension) and DB North achieved a combined average occupancy rate of 82%. Currently, plans are underway to enhance DB’s facilities and environment, which are intended to provide an improved and rejuvenated experience for both DB residents and visitors.

Turning to the CDW Building in Tsuen Wan, the Group successfully retained major anchor retail and office tenants amid the challenging environment and secured a number of new ones. As a result, an average occupancy rate of 92% was achieved during the Period. Benefiting from improved consumer sentiment, the 8<sup>1</sup>/<sub>2</sub> retail arcade saw retail sales and footfall increase, resulting in an impressive average occupancy rate of 99% during the Period.

The United Daily News Centre (“UDNC”) in To Kwa Wan achieved an average occupancy rate of close to 100% during the Period. Modifications to the UDNC’s lease, changing the development’s usage from industrial to residential, were approved, and project planning is in progress.

During the Period, West Gate Tower, a 24-storey office building in Cheung Sha Wan which had completed its renovation under revitalisation scheme in mid-2021, achieved an improved average occupancy rate of 90%, partly due to the acquisition of new tenants, and the residential property Wellgan Villa in Kowloon Tong recorded an average occupancy rate of 96.8%.

### ***Mainland China***

The two office towers, HKRI Centres One and Two at HKRI Taikoo Hui (“HTH”) in Shanghai (in which the Group has a 50% interest), recorded a combined average occupancy rate of 98%, while the retail mall recorded an average occupancy rate of 87% during the Period. The retail segment reported retail sales growth of more than 50%, and footfall tripled as Shanghai resumed normal social activities.

These outstanding results can be attributed to HTH’s status as a premier luxury and premium lifestyle shopping destination. The retail offerings, featuring leading beauty brands, designer labels, and a variety of F&B outlets, have contributed to HTH’s strong market position.

In Hangzhou, HKR International Centre, an office tower in which the Group holds 156 office units and use rights for 62 parking lots, recorded an average occupancy rate of 84%. The project successfully retained major office tenants from the e-commerce, webcasting, and internet media-related industries. As the office market in Hangzhou is gradually stabilising, the Group remains committed to implementing effective marketing strategies and enhancing the property’s condition with the aim of boosting competitiveness and attracting high-quality tenants.

## **TRANSPORTATION SERVICES AND PROPERTY MANAGEMENT**

### **Transportation Services**

The transportation operations in DB are managed by the Group’s various subsidiaries (in which the Group has a 50% interest). Demand for the Group’s sea and land transportation services increased as social and economic activities continued to recover. However, challenges including spiking fuel prices and significant labour shortages, particularly of drivers, continued to impact the transportation operations. Nevertheless, recent government regulations allowing the importation of drivers offer a solution to the shortage.

To enhance operational efficiency through technological advancements, the Group is implementing an advanced fleet management system on its buses that will enable real-time monitoring of operations and improve the efficiency of vehicle and staff deployment. In line with its sustainability mission of reducing vehicle emissions, the Group is acquiring more electric-powered vehicles for both passenger services and operational support.

The enhancement works in DB Pier and Central Pier 3 are anticipated to conclude by late 2023 and early 2024, respectively. These endeavours are intended to elevate the passenger experience.

## **Property Management**

The Group's property management services in DB and across Hong Kong performed well during the Period, receiving acclaim for their commitment to sustainability and service excellence. The Group's operations continued to prioritise green management measures, ensuring that environmental considerations remain at the forefront of the Group's business practices. Sustainability initiatives in DB continued to generate residents' interest and participation, reflecting the community's growing engagement in sustainable practices.

To meet the property management licensing regime's statutory requirements, which became mandatory on 1 August 2023, the Group's related residential and commercial property management companies have obtained the required licences, reinforcing the Group's commitment to delivering high-quality property management services.

## **HOTEL OPERATIONS AND LEISURE BUSINESSES**

### **Hotel Operations**

International travel has rebounded globally, approaching levels seen immediately before the pandemic, particularly in cities where the Group's hotel operations are located. To capitalise on this trend and maximise occupancy and utilisation rates, additional marketing and promotion initiatives were implemented.

#### ***Hong Kong***

During the Period, inbound tourism to Hong Kong rebounded. However, an increase in outbound travel by locals created a challenge for the hotel operations.

Auberge Discovery Bay Hong Kong (in which the Group holds a 50% interest) advanced its wedding and events business by orchestrating an in-house wedding expo in May 2023, and rolling out promotional activities to penetrate the MICE segment. The hotel achieved remarkable success with its themed staycation packages. Consequently, it recorded an average occupancy rate of 70% during the Period, positioning it as a top performer among competitor hotels. Going forward, Auberge Discovery Bay will strengthen its revenue streams through overseas sales trips, participate in travel trade shows and wedding expos, and renew its sales and marketing initiatives.

#### ***Mainland China***

In mainland China, robust pent-up demand and a gradual outbound travel recovery played a crucial role in domestic tourism's strong rebound. This positive trend directly benefited The Sukhothai Shanghai and The Middle House (the Group holds a 50% interest in both), resulting in an average occupancy rate of 78% during the Period. Both hotels have earned

reputations as sought-after event venues for prestigious global luxury brands. Furthermore, strategic collaborations with esteemed business partners in the high-end sector were rolled out during the Period to enhance brand awareness.

### ***Thailand***

Thailand's economic recovery, mainly propelled by tourism, remained on track. The Sukhothai Bangkok continued to capitalise on the increased influx of foreign tourist arrivals. To elevate the customer experience, enhancements of the swimming pool were completed during the Period. Meanwhile, refurbishment of guest rooms and the construction of The Sukhothai Spa, a luxurious spa complex, are nearing completion and scheduled to open in January 2024.

### **Leisure Businesses**

The Group's leisure business establishments are steadily developing as industry leaders, distinguished by their innovative design, state-of-the-art infrastructure, advanced technology, and exceptional operational standards.

Benefiting from its status as Hong Kong's newest marina in decades and only accredited 5 Gold Anchor marina, Lantau Yacht Club ("LYC") continued to attract new members during the Period. Future efforts to acquire new members will focus on mid-sized leisure and sailing boats.

Discovery Bay Golf Club ("DBGC") recorded active membership transfers during the Period, reflecting its strong appeal among golf enthusiasts. A diverse range of activities has been planned to commemorate DBGC's 40th anniversary, which falls in this year, including the Anniversary Golf Tournament and Dinner Party.

DB Ice Rink continued to reinforce its position as an international sports competition venue and an elite ice-skating academy. During the Period, it hosted "Skate Asia 2023" in August, the world's largest recreational figure skating event, with 1,750 competitors participating in a total of over 4,300 events, and the "Greater Bay Championships 2", held in May 2023, which featured 16 ice hockey teams from 10 countries/cities. More international and large-scale competitions will be held in the coming months.

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

### **HUMAN RESOURCES**

As of 30 September 2023, the Group proudly employed a diverse and talented workforce comprising 1,460 individuals. Recognising the importance of staying competitive in the ever-evolving human capital market, the Group continually strives to refine its talent management practices. In addition to creating a thriving work environment and fostering a captivating company culture, the Group's Human Resources function follows best practices to maximise employee engagement and satisfaction.

One of these best practices is a robust performance management system that ensures clear expectations, regular feedback, and opportunities for growth. Additionally, the Group operates a comprehensive employee development programme that includes training and coaching initiatives. These programmes empower employees to expand their knowledge, acquire new competencies, and advance their careers within the Group.

Furthermore, the Group places an emphasis on work-life balance and employee well-being. Flexible work arrangements, such as flexible working hours, are offered to help employees manage their personal and professional commitments. The Group also offers comprehensive wellness programmes that encompass physical fitness activities, mental health support, and stress management resources under “The PRI2DE Wellness Programme”. These initiatives create a positive work environment and support the well-being of employees.

The “HKRI Fun Club”, the staff recreation club, was established during the Period. Its primary objective is to foster stronger employee relations and engagement through a range of diverse activities, including sports, games, and interest/leisure classes.

The Group was presented during the Period with a “Good MPF Employer Award 2022–23” by the Mandatory Provident Fund Schemes Authority in recognition of the Group’s contribution to staff’s retirement protection.

## **OUTLOOK**

Mainland China and Hong Kong’s economies remained sluggish during the Period, influenced by a combination of factors, including several interest rate hikes since 2022, a volatile geopolitical environment, liquidity challenges faced by some mainland Chinese property conglomerates, and dampened market sentiment.

In mainland China, regulatory bodies implemented a series of policies in late August 2023 to support the property market, including mortgage rates cuts, reducing restrictions on home transactions, and lowering the reserve requirement ratio. The measures were intended to help property developers and stabilise the market. The Group is cautiously optimistic that these actions will gradually improve market conditions and stimulate demand, and that the market will rebound over time.

Expanding its presence in the Yangtze River Delta Area remains a strategic priority for the Group in mainland China. Building on its successful track record, the Group will prudently seek out new investment opportunities across a broader spectrum.

Meanwhile, in his October 2023 Policy Address, Hong Kong’s Chief Executive announced the lifting of property cooling measures and introduced initiatives to stimulate economic activity and enhance market sentiment. These measures are in general welcome by the market and are expected to boost the currently sluggish property market.

The Group remains determined to proactively adapt to evolving market dynamics. The Group’s flagship project, Discovery Bay, will provide a range of new residential and leisure options that cater to the evolving preferences of residents and potential homebuyers. This, together with projects elsewhere in Hong Kong, and its flexibility, mean the Group is ready to navigate unstable market conditions with its proven approach.

Turning to hospitality and leisure businesses, the Group intends to harness its unique allure to cater to customers with refined tastes and discerning lifestyles.

To attract a new clientele and potential members to its hotels, clubs, and leisure establishments, the Group will enhance its services and offerings, and implement innovative and impactful promotional measures. These will include signature events and international competitions to captivate and engage a broader audience, foster growth and enhance the Group’s businesses’ market presence and appeal.

Sustainability remains at the top of the Group's priorities as it endeavours to create a greener living environment and enhance existing infrastructure to meet the changing needs of its dynamic community and stakeholders across its diverse projects.

To succeed in today's challenging environment and ensure long-term growth and development, the Group will maintain a well-balanced portfolio. The Group will continue to seek sound investment prospects in the property and hospitality sectors, and solidify its position as a reputable and esteemed market participant.

## **FINANCIAL REVIEW**

### **SEGMENT RESULT ANALYSIS**

#### **Property Development**

Segment result of the property development segment recorded a profit of HK\$214.5 million (six months ended 30 September 2022: loss of HK\$111.5 million). The turnaround in segment result was caused by the completion of sales of Starlight One while no new development projects was scheduled to launch and complete in the last corresponding period. As of 30 September 2023, the Group has HK\$43.9 million contracted but unrecognised property sales.

#### **Property Investment**

Segment result of the property investment segment increased by 8.5% to HK\$302.2 million (six months ended 30 September 2022: HK\$278.6 million). During the Period, the segment recorded steady growth on revenue generated from its investment portfolios alone though there was no significant disposal profit for the Period (six months ended 30 September 2022: gain of HK\$26.9 million). On the other hand, the operating performance of the hotels and serviced apartment of the joint venture, HTH, has resumed to normal after Shanghai's lockdown in second quarter of 2022, the Group's share of result of the joint venture, HTH therefore increased from HK\$127.8 million to HK\$137.0 million.

#### **Transportation Services and Property Management**

Following the relaxation of anti-pandemic measures and reopening of borders, traffic between DB and urban areas have resumed back to normal. Average daily ridership of ferry and bus services shown rising trend. Due to the cut back of various subsidy incomes by the government and high staff costs, segment result of transportation services and property management segment declined by 53.4% to HK\$15.0 million (six months ended 30 September 2022: HK\$32.2 million).

#### **Hotel Operations**

The hotel operations segment recorded an overall segment loss of HK\$15.2 million for the Period (six months ended 30 September 2022: HK\$4.9 million). The Sukhothai Bangkok is currently undergoing refurbishment of guest rooms and facilities, thus has not been operated in its full capacity. On the other hand, despite maintaining a 70% occupancy, Auberge Discovery Bay Hong Kong achieved lower room rate and F&B sales following the reopening of border. The cut back of government subsidy incomes in the Period also accentuated the segment loss.

## **Leisure Businesses**

The leisure businesses segment, which primarily includes Discovery Bay Recreation Club, Club Siena, DBGC, LYC and DB Ice Rink, recorded segment loss of HK\$12.0 million for the Period (six months ended 30 September 2022: profit of HK\$17.1 million). Increase in overall segment loss was attributed to lower incomes from debenture transfers and membership services, cut back of government subsidy incomes.

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Net Debt and Capital Structure**

As of 30 September 2023, the Group had total bank balances and cash of HK\$2,992.2 million (31 March 2023: HK\$6,212.6 million) and a net debt of HK\$7,729.2 million (31 March 2023: HK\$5,366.5 million) after deducting total bank borrowings and other loans of HK\$10,721.4 million (31 March 2023: HK\$11,579.1 million). The decrease in bank balances and cash was partly attributable to the refund of over-subscription monies received from property buyers totaling HK\$1,206.6 million in April 2023.

As of 30 September 2023, about 38% of the Group's bank balances and cash were denominated in Hong Kong dollars, 38% in Renminbi, 7% in US dollars, 9% in Japanese Yen and the remaining were mainly in Singapore dollars and Thai Baht.

As of 30 September 2023, 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 22.4% (31 March 2023: 19.8%) falling within one year, 48.3% (31 March 2023: 34.2%) falling between one and two years, 26.5% (31 March 2023: 43.4%) falling between two and five years and 2.8% (31 March 2023: 2.6%) falling over 5 years.

As of 30 September 2023, all bank borrowings and other loans were on floating rate bases 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 2023, the shareholders' fund of the Group decreased by HK\$644.4 million to HK\$23,753.5 million (31 March 2023: HK\$24,397.9 million).

The Group's gearing ratio was 32.5% (31 March 2023: 22.0%) as calculated by the Group's consolidated net borrowings to the shareholders' fund as of 30 September 2023. The consolidated net borrowings as of 31 March 2023 included bank balances and cash of HK\$1,206.6 million, being the over-subscription monies received from property buyers which have been refunded in April 2023. If these amounts were excluded, the gearing ratio as of 31 March 2023 would be 26.9%.

### **Availability of Facilities**

Total available loan facilities as of 30 September 2023 were HK\$17,211.0 million (31 March 2023: HK\$17,523.8 million), of which 85.4% were committed.



As of 30 September 2023, the unutilised credit facilities were approximately HK\$6,468.2 million (31 March 2023: HK\$5,918.2 million). During the Period, the average financing cost was at 5.5% per annum as compared to 1.8% per annum in the last corresponding period.

During the Period, net cash used in operating activities was HK\$1,699.9 million (six months ended 30 September 2022: HK\$346.9 million) which included mainly refund of over subscription monies of HK\$1,206.6 million to prospective purchasers in April. The Group believes that the Group will have adequate financing capacity to fund its operations and development projects given that the Group has sufficient liquidity based on its cash and bank balances and total unutilised banking facilities as at 30 September 2023, and its ready access to both the loan and debt capital markets.

## **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.

The Group's debt management strategy is to maintain a base level of debt as part of our capital structure and intend to renew or extend our credit facilities when they expire. The Group manages its debts with a variety of strategies, including spreading its borrowings over different rollover and maturity dates. The maturity of credit facilities within one year may be renewed with the original lenders or replaced by other credit facilities.

## **MAJOR ACQUISITIONS AND PROJECTS**

For the acquisition of a piece of land lot in Jiaxing, the PRC through land auction, a 30% deposit of HK\$513.6 million was paid in April 2023. Together with the initial deposit paid in March 2023, total 50% of the land cost was paid while the remaining 50% is expected to be paid in the second quarter of 2024.

In June 2023, the Group acquired the Hotel Kanronomori in Niseko, Hokkaido, Japan for a consideration of HK\$117.9 million.

## **PLEDGE OF ASSETS**

As of 30 September 2023, no bank loan of the Group was secured by investment properties (31 March 2023: HK\$434.0 million).

As of 30 September 2023, the loans advanced to a joint venture by the Group including interest payable amounting to approximately HK\$1,598.7 million (31 March 2023: HK\$1,506.3 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**

As of 30 September 2023, the Group had financial guarantee contracts relating to a corporate guarantee in the Group's proportionate share to the extent of HK\$92.7 million (31 March 2023: HK\$98.9 million) given to a bank in respect of a banking facility granted to an investee company.

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. As of 30 September 2023, the bank loan balance in proportionate share of 40% is HK\$1,087.9 million (31 March 2023: HK\$1,252.0 million).

Save as disclosed above, the Group did not have other significant financial guarantee contract as of 30 September 2023.

## **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 14 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, 22 November 2023

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 CHEUNG Ho Koon

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*