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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)

DECLARATION OF INTERIM DIVIDEND BY DISTRIBUTION IN SPECIE OF SHARES IN HANISON CONSTRUCTION HOLDINGS LIMITED

RECORD DATE AND CLOSURE OF REGISTERS OF MEMBERS

DECLARATION OF INTERIM DIVIDEND BY DISTRIBUTION IN SPECIE

The Board is pleased to announce that on 13 October 2015, it resolved to declare an interim dividend by distribution in specie of the Relevant Shares currently held by the Company in its subsidiary, Hanison, to the Shareholders whose names appear on the registers of members of the Company on the Record Date, on a pro-rata basis of 1.21639 Hanison Shares for every 5 Shares held by the Shareholders.

RECORD DATE AND CLOSURE OF REGISTERS OF MEMBERS

The Record Date set for the purpose of the Distribution is 29 October 2015.

The principal and branch registers of members of the Company will be closed on 28 October 2015 and 29 October 2015. On both days, no transfer of Shares will be effected. In order to qualify for entitlements to the Distribution, all transfer forms in respect of Shares acquired, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 27 October 2015.

THE DISTRIBUTION

The Board is pleased to announce that on 13 October 2015, it resolved to declare an interim dividend by distribution in specie of the Relevant Shares, being 328,493,757 Hanison Shares currently held by the Company, to the Shareholders whose names appear on the registers of

members of the Company on the Record Date, on a pro-rata basis in proportion to their respective shareholding interests in the Company as follows:

for every 5 Shares held1.21639 Hanison Shares

The above basis of distribution is determined after taking into account the number of existing issued Shares, the number of the Relevant Shares held by the Company, and that a Shareholder needs to hold at least 5 Shares in order that he can have at least 1.21639 Relevant Shares distributed to him, and with entitlements to the Relevant Shares being rounded down to the nearest whole number.

Based on the closing price of HK\$1.44 per Hanison Share as traded on the Stock Exchange on the date of declaration, the aggregate market value of the Relevant Shares to be distributed under the Distribution is approximately HK\$473,031,010, which equates to a distribution of approximately HK\$0.35 per Share (assuming the number of issued Shares remains unchanged from the date of this announcement until completion of the Distribution). The actual market value of the Relevant Shares will depend on the closing price of the Hanison Shares as at the date of the Distribution.

The Relevant Shares represent approximately 48.47% of the total number of issued Hanison Shares as at the date of this announcement. The Relevant Shares to be distributed under the Distribution will rank *pari passu* in all respects with each other and with the remaining Hanison Shares then in issue, save for any dividends or distributions declared, paid or made by Hanison prior to the Record Date. Fractional entitlements to the Relevant Shares pursuant to the Distribution will not be transferred under the Distribution but will be retained by the Company immediately after the Distribution for sale in the market. The proceeds derived therefrom will be retained for the benefit of the Company.

QUALIFYING SHAREHOLDERS AND NON-QUALIFYING SHAREHOLDERS

For the purpose of the Distribution, the Qualifying Shareholders, whose names appear on the registers of members of the Company on the Record Date, are entitled to participate in the Distribution.

The Company is in the process of engaging foreign legal counsel and will make enquiries regarding the legal restrictions under the laws applicable to the registered addresses of Overseas Shareholders (or the requirements of any relevant regulatory bodies or stock exchanges). If having considered the advice provided by foreign legal counsel, the Directors are of the view that it is necessary or expedient on account either of restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, not to extend the Distribution to such Overseas Shareholders, such Overseas Shareholders will become Non-Qualifying Shareholders. Accordingly, such Non-Qualifying Shareholders (if any) will not receive Hanison Shares pursuant to the Distribution. The Company will make a further announcement concerning the results of its enquiries of relevant foreign legal counsel in due course. In view of the foregoing, arrangements will then be made for the Hanison Shares which would otherwise have been transferred to such Non-Qualifying Shareholders to be sold in the market as soon as possible after the Distribution, and any proceeds of sale, after deduction of expenses and duties, will be distributed in Hong Kong dollars to the relevant Non-Qualifying Shareholders at their own risk, except that any amount of less than HK\$100 will be retained for the benefit of the Company.

RECORD DATE AND CLOSURE OF REGISTERS OF MEMBERS

The Record Date set for the purpose of the Distribution is 29 October 2015.

The principal and branch registers of members of the Company will be closed on 28 October 2015 and 29 October 2015. On both days, no transfer of Shares will be effected. In order to qualify for entitlements to the Distribution, all transfer forms in respect of Shares acquired, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 27 October 2015.

DISTRIBUTION COMPLETION AND DESPATCH OF SHARE CERTIFICATES

The certificates for the Relevant Shares are expected to be issued and despatched by mail to the respective registered addresses of the Qualifying Shareholders, at their own risks, by no later than 12 November 2015.

No action is required to be taken by the Qualifying Shareholders to receive the certificates for the Relevant Shares as a result of the Distribution. The Qualifying Shareholders will either receive the certificates for such Relevant Shares or where appropriate, investors holding Shares through CCASS participants will receive the Relevant Shares through their respective brokers or custodians who are CCASS clearing or custodian participants or through their CCASS Investor Participant stock account. Qualifying Shareholders should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

In the case of a joint holding of Shares, the certificate(s) for the Relevant Shares will be posted to the address of the person whose name stands first on the register of members of the Company in respect of such Shares on the Record Date.

EXPECTED TIMETABLE FOR THE DISTRIBUTION

Latest date of dealing in Shares cum-entitlement to the Distribution.....	23 October 2015
First day of dealing in Shares ex-entitlement to the Distribution.....	26 October 2015
Latest time for lodging transfer(s) of Shares for entitlement to the Distribution.....	27 October 2015 at 4:30 p.m.
Closure of registers of members.....	28 and 29 October 2015
Record Date for entitlement to the Distribution	29 October 2015
Registers of members re-open.....	30 October 2015

HKRI Group since 1 April 2013. According to the audited consolidated financial statements of the Hanison Group, the turnover and profit for the twelve months ended 31 March 2015 of the Hanison Group were approximately HK\$2,095 million, representing 38.6% of the turnover of the HKRI Group and HK\$487 million, representing 30.8% of the profit of the HKRI Group respectively.

As at the date of this announcement, the Company owns an aggregate of 328,493,757 Hanison Shares, representing approximately 48.47% of the issued share capital of Hanison. Upon completion of the Distribution, the Company will cease to own any Hanison Shares. The Hanison Group will cease to be a subsidiary group of the Company, and the results of the Hanison Group will be excluded from the consolidated statement of profit or loss and other comprehensive income of the HKRI Group.

The Distribution does not have an effect on the Company's income statement (i.e. no profit or loss will be recorded).

Assets and Liabilities

As mentioned above, the Hanison Group's financial results will cease to be consolidated into the HKRI Group's financial statements upon completion of the Distribution, both the total assets and the total liabilities of the HKRI Group will be reduced by the respective amounts of the total assets and the total liabilities of the Hanison Group. As at 31 March 2015, the audited consolidated total assets and consolidated total liabilities of the Hanison Group were approximately HK\$3,455 million and HK\$1,638 million respectively; and the audited consolidated net assets of the Hanison Group attributable to the owners of the Company as at 31 March 2015 were approximately HK\$852 million, representing 5.1% of the audited consolidated net assets of the HKRI Group attributable to the owners of the Company.

The consolidated net asset value attributable to the owners of the Company will be reduced by approximately HK\$852 million after the Distribution with reference to the HKRI Group's audited financial information as at 31 March 2015. The Board does not anticipate any material change in the actual outcome upon the Distribution.

WAIVER FROM COMPLIANCE WITH RULE 26 OF THE TAKEOVERS CODE

As a result of the Distribution, the voting rights in Hanison of the CHA Family and the parties acting in concert with the CHA Family for the purposes of Takeovers Code (excluding their voting rights through the Company) will increase from less than 30% to more than 30%. Accordingly, in the absence of a waiver, the Distribution would have triggered a mandatory general offer obligation pursuant to Rule 26.1 of the Takeovers Code, with the CHA Family being required to extend an offer in the terms of Rule 26 to all shareholders of Hanison. The CHA Family applied for, and has obtained, a waiver from the Executive to dispense with the requirement to make a mandatory general offer pursuant to Note 6 to Rule 26.1 of the Takeovers Code in relation to the Distribution.

The basis of the waiver application is that, both before and after the Distribution, Hanison remains under the ultimate control of the CHA Family and their concert parties, including for these purposes the Company itself (given the CHA Family's controlling stake in the Company).

INFORMATION ON THE COMPANY

The Company is an investment holding company incorporated in the Cayman Islands, the securities of which are listed on the Stock Exchange. The HKRI Group (excluding the Hanison Group) is principally engaged in property development, property investment, property management and related services, hospitality businesses and healthcare services. Hanison is a non-wholly owned subsidiary of the Company as a result of the application of HKFRS 10.

INFORMATION ON HANISON

Hanison is an investment holding company incorporated in the Cayman Islands, the securities of which are listed on the Stock Exchange. The Hanison Group is principally engaged in construction, interior and renovation works, supply and installation of building materials, property investment, property development, provision of property agency and management services and sale of health products.

Details of the audited consolidated financial statements of the Hanison Group for each of the two years ended 31 March 2014 and 2015 are disclosed in the relevant annual reports of Hanison, which are published on the websites of the Stock Exchange and Hanison.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of directors of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CHA Family”	the family of the late Dr CHA Chi Ming, the founder and ex-chairman of the Company
“Company”	HKR International Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange (stock code: 00480)
“Directors”	the directors of the Company from time to time

“Distribution”	the distribution of an interim dividend by the Company to the Shareholders by distribution in specie of the Relevant Shares in the proportion of 1.21639 Hanison Shares for every 5 Shares held by the Shareholders whose names appear on the registers of members of the Company on the Record Date
“Executive”	the Executive Director of the Corporate Finance Division of the SFC
“Hanison”	Hanison Construction Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the securities of which are listed on the main board of the Stock Exchange (stock code: 00896). Hanison is directly owned as to approximately 48.47% by the Company
“Hanison Group”	Hanison and its subsidiaries from time to time
“Hanison Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of Hanison
“HKFRS”	Hong Kong Financial Reporting Standard
“HKRI Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) (if any) whom the Directors, after making relevant enquiries, consider necessary or expedient to be excluded from the Distribution on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) as shown on the registers of members of the Company at the close of business on the Record Date is/are outside Hong Kong
“Qualifying Shareholder(s)”	the Shareholder(s) whose name(s) appear on the registers of members of the Company at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	29 October 2015

“Relevant Shares”	328,493,757 Hanison Shares, representing approximately 48.47% of the total number of issued Hanison Shares as at the date of this announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

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

Hong Kong, 13 October 2015

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

Chairman

Mr CHA Mou Sing Payson

Deputy Chairman & Managing Director

Mr CHA Mou Zing Victor

Executive Directors

Mr CHUNG Sam Tin Abraham

Mr TANG Moon Wah

Non-executive Directors

The Honourable Ronald Joseph ARCULLI

Mr CHA Mou Daid Johnson

Ms WONG CHA May Lung Madeline

Independent Non-executive Directors

Dr CHENG Kar Shun Henry

Mr CHEUNG Wing Lam Linus

Ms HO Pak Ching Loretta

Mr TANG Kwai Chang

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