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## **HKR INTERNATIONAL LIMITED**

**香港興業國際集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 00480)**

### **MAJOR TRANSACTION DISPOSAL OF PROPERTY IN SINGAPORE**

The Board is pleased to announce that on 14 August 2013, each of the Vendors, two indirect wholly-owned subsidiaries of the Company, entered into separate sale and purchase agreements with the Purchaser pursuant to which the Vendors agreed to sell, and the Purchaser agreed to purchase, the Property, for an aggregate consideration of S\$210.85 million (equivalent to approximately HK\$1,289.7 million), upon and subject to the terms and conditions of the Agreements. Completion of each Agreement is subject to and conditional upon the concurrent completion of the other Agreement.

Since one of the applicable percentage ratios under Rule 14.07 of the Listing Rules is more than 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company is in the process of obtaining written shareholders' approval to the Disposal in accordance with Rule 14.44 of the Listing Rules from the Major Shareholders, who together are the registered owners holding an aggregate of 692,486,763 ordinary shares, representing approximately 51.28% of the issued share capital of the Company. No Shareholder would be required to abstain from voting were the Company to convene a general meeting for the approval of the Agreements and the transactions contemplated thereunder. As such, if written shareholders' approval can be obtained from the Major Shareholders, no general meeting will be convened for the purpose of approving the Disposal as permitted under Rule 14.44 of the Listing Rules. Otherwise, the Company will proceed to convene a general meeting of the Company at which resolutions will be proposed to approve the Disposal.

A circular containing, inter alia, (i) further information on the Disposal; and (ii) a notice convening an extraordinary general meeting of the Company (if such a general meeting is required to be convened instead of proceeding by way of a written shareholders' approval pursuant to Rule 14.44 of the Listing Rules) will be dispatched to the Shareholders on or before 5 September 2013.

Shareholders and investors should note that the Disposal is subject to the conditions precedent set out below and therefore the Disposal may or may not complete. The Purchaser also has a termination right as further described below. As such, Shareholders and investors are urged to exercise caution when dealing in the shares of the Company.

## **THE AGREEMENTS**

### **1. Date**

14 August 2013

### **2. Parties**

#### **A. Beaufort Agreement**

Vendor : Beaufort Sentosa Development Pte Ltd

Purchaser : Royal Group Development Pte. Ltd.

#### **B. Maxbright Agreement**

Vendor : Maxbright Pte. Ltd.

Purchaser : Royal Group Development Pte. Ltd.

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, the Purchaser and its beneficial owners are third parties independent of the Company and its connected persons.

### **3. The Property**

The Lots, together with the buildings erected thereon including but not limited to the spa and health club facilities.

### **4. Consideration**

The Consideration of S\$210.85 million (equivalent to approximately HK\$1,289.7 million) was agreed by the parties on an arm's length basis by reference to the prevailing market prices of properties of similar nature and shall be satisfied by the Purchaser in the following manner:

<u>Date of payment</u>	<u>Amount paid / payable</u>
Upon signing of the Agreements	S\$3,162,750 (representing 1.5% of the Consideration and being equivalent to approximately HK\$19.3 million), being the initial deposit which is non-refundable unless the parties fail to obtain consent from SDC and/or the approval of the Shareholders, as further described below.

On or before 11 October 2013	S\$7,379,750 (representing 3.5% of the Consideration and being equivalent to approximately HK\$45.1 million), being the second deposit.
Upon Completion	S\$200,307,500 (being equivalent to approximately HK\$1,225.2 million) being the balance of the Consideration.

## **5. Termination by the Purchaser**

The Purchaser may at any time terminate the Agreements on or before 11 October 2013 by giving a written notice to the Vendors and by doing so, the Vendors are entitled to forfeit the initial deposit accordingly.

## **6. Conditions precedent**

The Lots were leased from SDC to the Vendors in 1988 for a term of 86 years and in 2004 for a term of 70 years, respectively. According to the leases entered into between SDC and the Vendors, consents from SDC are required for the Disposal. In addition, the Disposal is also subject to the approval of the Shareholders pursuant to the requirements under Chapter 14 of the Listing Rules. In the event that the parties fail to obtain consents from SDC or the approval of the Shareholders for the Disposal within 120 days from the payment date of the second deposit, the respective Vendor or the Purchaser may terminate the Agreements and the respective Vendor shall return both the initial and second deposits to the Purchaser without any interest.

## **7. Completion**

Completion of the Disposal shall take place on the latest of (a) the date falling 10 business days immediately following from and including the date the Vendors receive the SDC consent; (b) the date falling 10 business days immediately following from and including the date the Vendors receive the Shareholder's approval; or (c) the date falling 90 calendar days immediately following the payment date of the second deposit, but in any event the completion date shall not be later than 15 March 2014.

Completion of each Agreement is subject to and conditional upon the concurrent completion of the other Agreement.

## **FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS**

The Property is, and will, prior to Completion, continue to be, indirect wholly-owned by the Company for investment purposes. The net book value of the Property as at 31 March 2013 was approximately S\$102.3 million (equivalent to approximately HK\$625.7 million). It is expected that the Group will record a net profit before tax of approximately S\$95.9 million (equivalent to approximately HK\$586.6 million) from the Disposal. It is intended that the net proceeds from the Disposal will be used by the Group for pursuing investment opportunities in the property market if and when they arise in the future, and for the general working capital of the Group.

A hotel and associated businesses, including a spa business, are presently conducted on the Property. The net profit (both before and after taxation and minority interest) attributable to the Property amounted to approximately S\$2.7 million and S\$2.3 million respectively (equivalent to approximately HK\$16.4 million and HK\$14.2 million respectively) for the financial year ended 31 March 2012. The net profit (both before and after taxation and minority interest) attributable to the Property amounted to approximately S\$2.8 million and S\$3.0 million (including tax reverse) respectively (equivalent to approximately HK\$17.4 million and HK\$18.5 million respectively) for the financial year ended 31 March 2013.

## **REASONS FOR AND BENEFIT OF THE DISPOSAL**

The hotel business in Sentosa Island remains competitive and the Company anticipates that the situation will become more acute in the coming years due to the opening of new hotels. Upon considering the current market situation and the offer received, the Directors are of the view that it is a good opportunity for the Company to realise its investment in the Property at an attractive return. The Disposal will increase the working capital of the Group and enhance its cashflow. The Directors believe that the terms of the Disposal are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

## **LISTING RULES IMPLICATION**

Since one of the applicable percentage ratios under Rule 14.07 of the Listing Rules is more than 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules and is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company is in the process of obtaining written shareholders' approval to the Disposal in accordance with the Rule 14.44 of the Listing Rules from the Major Shareholders, who together are the registered owners holding an aggregate of 692,486,763 ordinary shares, representing approximately 51.28% of the issued share capital of the Company. No Shareholder would be required to abstain from voting were the Company to convene a general meeting for the approval of the Agreements and the transactions contemplated thereunder. As such, if written shareholders' approval can be obtained from the Major Shareholders, no general meeting will be convened for the purpose of approving the Disposal as permitted under Rule 14.44 of the Listing Rules. Otherwise, the Company will proceed to convene a general meeting of the Company at which resolutions will be proposed to approve the Disposal.

A circular containing, inter alia, (i) further information on the Disposal; and (ii) a notice convening an extraordinary general meeting of the Company (if such an extraordinary general meeting is required to be convened instead of proceeding by way of a written shareholders' approval pursuant to Rule 14.44 of the Listing Rules) will be dispatched to the Shareholders on or before 5 September 2013. Shareholders and investors should note that the Disposal is subject to the conditions precedent set out above and therefore the Disposal may or may not complete. The Purchaser also has a termination right as further described above. As such, Shareholders and investors are urged to exercise caution when dealing in the shares of the Company.

## GENERAL INFORMATION

The Company is an investment holding company incorporated in the Cayman Islands, the securities of which are listed on the Stock Exchange. The Group is principally engaged in property development, property investment, property management and related services, hotel and hospitality businesses and healthcare services.

Beaufort Sentosa Development Pte Ltd is a company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company. It holds two pieces of land of lot numbers 382K and 383N of Mukim 34 together with the buildings erected thereon in Singapore, and in which is currently operated a hotel called “The Sentosa Resort and Spa”.

Maxbright Pte. Ltd. is a company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company which holds a piece of land of lot number 1850C of Mukim 34 together with the buildings erected thereon in Singapore, being the location of a wellness and fitness centre.

The Purchaser is an investment holding company incorporated in Singapore.

SDC is a statutory board under the Ministry of Trade and Industry of Singapore which is responsible for overseeing the development, management and promotion of the Sentosa Island.

## DEFINITIONS

“Agreements”	the Beaufort Agreement and the Maxbright Agreement, and “Agreement” means either of them;
“Beaufort Agreement”	the sale and purchase agreement dated 14 August 2013 entered into between Beaufort Sentosa Development Pte Ltd as the Vendor and the Purchaser in relation to the disposal of two pieces of land of lot numbers 382K and 383N of Mukim 34 together with the buildings erected thereon in Singapore;
“Board”	the board of directors 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);
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Agreements;
“Consideration”	S\$210.85 million (approximately HK\$1,289.7 million), being the total consideration for the Disposal payable by Purchaser to the Vendors or its nominee pursuant to the Agreements;
“Directors”	the directors of the Company;

“Disposal”	the disposal of the Property upon and subject to the terms and conditions of the Agreements;
“Group”	the Company and its subsidiaries;
“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;
“Lots”	three pieces of land of lot numbers 382K, 383N and 1850C of Mukim 34 in Singapore;
“Major Shareholders”	<p>comprise CCM Trust (Cayman) Limited (“CCM”), Mingly Asia Capital Limited (“Mingly”), LBJ Regents Limited (“LBJ”), Bie Ju Enterprises Limited (“Bie Ju”), Galaxy Development Company Limited (“Galaxy”), Accomplished Investments Limited (“Accomplished”), Mr CHA Mou Sing Payson and Mr CHA Mou Zing Victor, a closely allied group of shareholders who together hold 51.28% interests in the Company, with their particulars as follows:</p> <p>(a) CCM is a company incorporated in the Cayman Islands with limited liability and which has a direct interest in the Company of approximately 38.44%. CCM (which is also indirectly interested in the shares of the Company held via its subsidiary, Mingly, as described in (b) below) is the corporate trustee of certain but not identical discretionary trusts of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi Ming’s issue;</p> <p>(b) Mingly is a company incorporated in the British Virgin Islands with limited liability, indirectly owned as to 87.50% by CCM, and which has a direct interest in the Company of approximately 3.04%;</p> <p>(c) LBJ is a company incorporated in the British Virgin Islands with limited liability and which has a direct interest in the Company of approximately 6.18%. LBJ (which is also indirectly interested in the shares of the Company held via its wholly-owned subsidiary Bie Ju, as described in (d) below) is the corporate trustee for certain but not identical discretionary trusts of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi Ming’s issue;</p>

- (d) Bie Ju is a company incorporated in the Cayman Islands with limited liability, wholly-owned by LBJ, and which has a direct interest in the Company of approximately 0.62%;
- (e) Galaxy is a company incorporated in the Bahamas with limited liability and whose beneficial owner is a charitable organisation recognised in Hong Kong. Galaxy has a direct interest in the Company of approximately 1.46% and the majority of its board members are the late Dr CHA Chi Ming's issue;
- (f) Accomplished is a company incorporated in the British Virgin Islands with limited liability, wholly-owned by Mr CHA Mou Sing Payson, and which has a direct interest in the Company of approximately 1.25%;
- (g) save as mentioned above, Mr CHA Mou Sing Payson has direct registered interests in the Company of approximately 0.23%; and
- (h) Mr CHA Mou Zing Victor has a direct registered interest in the Company of approximately 0.06%.

Both Mr CHA Mou Sing Payson and Mr CHA Mou Zing Victor are sons of the late Dr CHA Chi Ming and are among the beneficiaries of various discretionary trusts mentioned in (a) and (c) above;

“Maxbright Agreement”	the sale and purchase agreement dated 14 August 2013 entered into between Maxbright Pte. Ltd. as the Vendor and the Purchaser in relation to the disposal of a piece of land of lot number 1850C of Mukim 34 together with the buildings erected thereon in Singapore;
“Property”	the Lots, together with the buildings erected thereon including but not limited to the spa and health club facilities;
“Purchaser”	Royal Group Development Pte. Ltd., a company incorporated in Singapore ;
“SDC”	Sentosa Development Corporation, a statutory board under the Ministry of Trade and Industry of Singapore;
“Shareholder(s)”	shareholder(s) of the Company;
“Singapore”	Republic of Singapore;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“S\$” Singapore dollars, the lawful currency of Singapore; and

“Vendors” each of Beaufort Sentosa Development Pte Ltd and Maxbright Pte. Ltd., both being companies incorporated in Singapore and indirect wholly-owned subsidiaries of the Company, and “Vendor” means either of them.

*Unless otherwise specified in this announcement, amounts denominated in S\$ have been converted into HK\$ at the rate of S\$1.00 = HK\$6.1167. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.*

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

Hong Kong, 15 August 2013

*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*

*Dr CHEUNG Kin Tung Marvin*

*Mr CHEUNG Wing Lam Linus*

*Ms HO Pak Ching Loretta*

*Dr QIN Xiao*

*\* Registered under Part XI of the Companies Ordinance, Chapter 32 of the laws of Hong Kong*