

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.



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)

CONNECTED TRANSACTION
DISPOSAL OF PROPERTY

The Board is pleased to announce that on 18 June 2014, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser for the sale of the Property to the Purchaser for a consideration of HK\$40.5 million.

The Purchaser, being a non-executive director of the Company, is a connected person under the Listing Rules and the Disposal constitutes a connected transaction on the part of the Company under chapter 14A of the Listing Rules. Since some applicable percentage ratios under rule 14.07 of the Listing Rules in respect of the Disposal are more than 0.1% but all applicable percentage ratios are less than 5%, the Disposal is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under chapter 14A of the Listing Rules.

INTRODUCTION

On 18 June 2014, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser for the sale of the Property to the Purchaser for a consideration of HK\$40.5 million.

THE AGREEMENT

Date

18 June 2014

Parties

(a) Vendor : Pearl Development Limited; and

- (b) Purchaser : Ms WONG CHA May Lung Madeline, a non-executive director of the Company and hence a connected person of the Company for the purpose of the Listing Rules.

Information of the Property

The Property is a 2-storey terraced house located at Headland Drive of Headland Village of Discovery Bay, Lantau Island, New Territories. The Property will be delivered to the Purchaser on vacant possession in an “as is” basis upon completion of the Disposal.

The Property was acquired by the Company in 1999 and held as an investment property for rental income and has been vacated since its last lease expired in 2012. The pre-tax net income attributable to the Property was approximately HK\$1,044,000 and HK\$728,000 for the years ended 31 March 2012 and 2013 respectively. The after-tax net income attributable to the Property was approximately HK\$872,000 and HK\$608,000 for the years ended 31 March 2012 and 2013 respectively.

CONSIDERATION AND PAYMENT TERMS

The Consideration for the Disposal is HK\$40.5 million which was paid and is payable by the Purchaser to the Vendor in cash in the following manner:-

- (a) HK\$4,050,000 being 10% of the Consideration was paid upon the signing of the Agreement as deposit and part payment of the Consideration; and
- (b) HK\$36,450,000 being the balance of the Consideration is to be paid upon completion of the Disposal.

The Consideration was arrived at after arm’s length negotiation between the Purchaser and the Vendor having considered the market value of the Property of HK\$40.5 million as at 31 March 2014 pursuant to the valuation conducted by an independent valuer.

COMPLETION

Completion of the Disposal shall take place on or before 30 July 2014.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Property has been held as an investment property for rental income since its acquisition in 1999. Due to the continuing slackened rental market for houses in Hong Kong and the deteriorating condition of the Property, the Property has been left vacant since 2012. In anticipation of the slackened rental market outlook for houses and less attractive yield as compared with the market value of the Property, the Board considers that the Disposal at the market value of the Property provide a good opportunity for the Group to realise its investment to earn the capital return.

As the carrying value of the Property as at 31 March 2014 was recorded in accordance with the market value of the Property under HKFRS, no gain or loss is derived from the Disposal. The sale proceeds from the Disposal will be used by the Group for the general working capital of the Group.

The Directors (including the independent non-executive directors) believe that the terms of the Disposal are on normal commercial terms not favourable than to any independent third party, which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The Purchaser, being a director of the Company, is a connected person under the Listing Rules and the Disposal constitutes a connected transaction on the part of the Company under chapter 14A of the Listing Rules. Since some applicable percentage ratios under rule 14.07 of the Listing Rules in respect of the Disposal are more than 0.1% but all applicable percentage ratios are less than 5%, the Disposal is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under chapter 14A of the Listing Rules.

The Purchaser, who has material interest in the Disposal, was absent at the relevant board and independent board committee meetings and did not vote on the resolution for approving the Disposal.

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.

The Vendor is an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong and a property investment company.

The Purchaser is a non-executive director of the Company.

DEFINITIONS

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

“Agreement”	sale and purchase agreement entered into between the Purchaser and the Vendor on 18 June 2014 for the Disposal;
“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);
“Consideration”	HK\$40.5 million, being the market value of the Property as at 31 March 2014 and the total consideration for the Disposal paid and payable by the Purchaser to the Vendor;
“Directors”	the directors of the Company from time to time;

“Disposal”	the disposal of the Property by the Company to the Purchaser at a consideration of HK\$40.5 million;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKFRS”	Hong Kong Financial Reporting Standard;
“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;
“Property”	House 86 at Headland Drive of Headland Village of Discovery Bay, Lantau Island, New Territories;
“Purchaser”	Ms WONG CHA May Lung Madeline, a non-executive director of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Vendor”	Pearl Development Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company.

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

Hong Kong, 18 June 2014

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