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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 and
registered under the Companies Ordinance of Hong Kong)*
(Stock Code: 00480)

DISCLOSURE PURSUANT TO RULES 13.13 AND 13.16 OF THE LISTING RULES

This announcement is made by the Company for the purpose of complying with the disclosure requirements under Rules 13.13 and 13.16 of the Listing Rules in respect of the Advances made by the Group to an affiliated company as at 26 May 2017.

INTRODUCTION

This announcement is made by the Company for the purpose of complying with the disclosure requirements under Rules 13.13 and 13.16 of the Listing Rules in respect of the Advances made by the Group to Gainwick, which exceed 8% under the assets ratio defined under Rule 14.07(1) of the Listing Rules as at 26 May 2017. Gainwick is a joint venture formed by the Group (owned as to 40%) and Hysan (owned as to 60%) for the purpose of a residential property development at Lo Fai Road, Tai Po, New Territories, being undertaken on adjoining sites (referred to in this announcement as Plot 1 and Plot 2).

SHAREHOLDER LOAN

The Shareholder Loan in the total amount up to HK\$1,437.2 million was advanced by the Group to Gainwick as shareholder's loan out of its internal resources and is unsecured. The principal terms of the Shareholder Loan are as follows:

Facility Limit and Interest : The Shareholder Loan comprises:

- (a) HK\$1,357.2 million for settlement of land premium and is interest free (the "Land Loan")
- (b) Up to HK\$80 million for the purpose of initial working capital of Gainwick with an interest of 2% per annum over 1-month HIBOR (the "Working Capital Loan")

The interest rate is subject to review from time to time with reference to the market trend

Method of Repayment : The Shareholder Loan is repayable in full or in part as and when the board of Gainwick deems appropriate and each repayment shall be applied firstly to the settlement of any outstanding interest; secondly to reduce and repay in full the outstanding principal amount of the Land Loan, and lastly to reduce and repay in full the outstanding principal amount for the Working Capital Loan.

As at the date of this announcement, the facility limit of the Land Loan was fully utilized and Gainwick has not drawn on any amount from the Working Capital Loan.

CORPORATE GUARANTEE

As security for Gainwick's obligation under the Banking Facilities, the Company also executed the Guarantee in favour of one of the financing parties, as the security agent for all of the finance parties under the Facility Agreement to guarantee the obligations of Gainwick under the Banking Facilities up to a maximum amount of HK\$2,000 million, which is equivalent to 40% of the principal amount of the Banking Facilities and is in proportion to the equity interest owned by the Group in Gainwick.

The principal terms of the Banking Facilities are as follows:

- Purpose : (a) to refinance up to 50% of the total sum of land premium paid for the Project
(b) to finance or refinance construction cost and the related professional fees (including project management fee) of the Project
- Final Maturity : the earlier of (i) 60 months from the date of the Facility Agreement; and (ii) in respect of the relevant tranches for the development of each Plot, 12 months after the issuance of the certificate of compliance in respect of the property development on that Plot
- Interest : sum of HIBOR of relevant Interest Period and Interest Margin

Repayment

The aggregate outstanding amount drawn down from the Banking Facilities shall be repaid in one lump sum upon Final Maturity. Gainwick may early repay the borrowed amount subject to certain conditions as set out in the Facility Agreement.

Security

The security for the Banking Facilities include, among other things, (i) a first ranking building mortgage over the Plots and properties thereon and a debenture incorporating a first floating charge over all Gainwick's assets and undertakings; (ii) a first fixed charge over the accounts into which Gainwick's sales proceeds, rental proceeds and other money to be received in relation to the Project are deposited; (iii) several funding undertakings provided by each of the Company and Hysan that, to the extent not financed by drawdown made under the relevant Banking Facilities, the Company and Hysan will provide funding to Gainwick in relation to (a) all outstanding construction costs (including any cost overrun) of the Project and all other costs (including professional fees) required to complete the Project without interruption or delay; and (b) payment of all financial costs

“Banking Facilities”	the banking facilities granted by a syndicate of financial institutions in Hong Kong to Gainwick in a total principal amount of HK\$5,000 million, comprising four tranches being: (i) an amount of HK\$1,144,300,000 to refinance up to 50% of the land premium paid for Plot 1; (ii) an amount of HK\$2,255,700,000 to finance or refinance construction cost and the related professional fees (including project management fee) for the residential property development on Plot 1; (iii) an amount of HK\$519,000,000 to refinance up to 50% of the land premium paid for Plot 2; and (iv) an amount of HK\$1,081,000,000 to finance or refinance construction cost and the related professional fees (including project management fee) for the residential property development on Plot 2
“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)
“Gainwick”	Gainwick Limited, a company incorporated in Hong Kong with limited liability and owned as to 40% by the Group and 60% by Hysan
“Directors”	the directors of the Company from time to time
“Facility Agreement”	an agreement in relation to the granting of Banking Facilities
“Group”	the Company and its subsidiaries from time to time
“Guarantee”	the limited guarantee provided by the Company to a syndicate of financial institutions in Hong Kong, pursuant to which the Company agreed to guarantee the obligations of Gainwick under the Banking Facilities up to a maximum amount of HK\$2,000 million, which is equivalent to 40% of the principal amount of the Banking Facilities and is in proportion to the equity interest owned by the Group in Gainwick
“HIBOR”	Hong Kong Inter-bank Offered Rate
“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
“Hysan”	Hysan Development Company Limited, a company incorporated in Hong Kong with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange (Stock Code : 00014)

“Interest Margin”	0.65% per annum
“Interest Period”	One, two or three months or subject to availability six months at the selection of Gainwick and mutually agreed with the syndicate of financial institutions
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Plot 1”	a piece of land located at Lo Fai Road, Tai Po, New Territories, being registered at the Land Registry as Tai Po Town Lot No. 223
“Plot 2”	a piece of land located at Lo Fai Road, Tai Po, New Territories, being registered at the Land Registry as Tai Po Town Lot No. 229
“Plots”	Plot 1 and Plot 2
“Project”	the residential property development project being undertaken on the Plots
“Shareholder Loan”	the shareholder’s loan provided by the Group to Gainwick in the principal amount of HK\$1,437.2 million
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 26 May 2017

As at the date of this announcement, the Directors of the Company are:

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