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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTIES

The Company is pleased to announce that on 17 September 2021, the Purchaser, an indirect wholly-owned subsidiary of the Company, has entered into the Agreement with the Vendor, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Properties at a total consideration of RMB413,563,056 (equivalent to approximately HK\$498.5 million).

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Company is pleased to announce that on 17 September 2021, the Purchaser, an indirect wholly-owned subsidiary of the Company, has entered into the Agreement with the Vendor, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Properties at a total consideration of RMB413,563,056 (equivalent to approximately HK\$498.5 million).

THE AGREEMENT

Date

17 September 2021

Parties

Purchaser : 杭盛物業管理（杭州）有限公司 (Hangsheng Property Management (Hangzhou) Company Limited[#]), an indirect wholly-owned subsidiary of the Company

Vendor : 杭州潤灝置業有限公司 (Hangzhou Runhao Real Estate Co., Ltd.[#])

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Vendor and its Ultimate Beneficial Owners (details of which are set out below in the Definitions section) are third parties independent of the Company and its connected persons.

Information of the Properties

The Properties comprise (i) all 156 office units (with individual floor areas ranging from 79 to 172 square metres and an aggregate floor area of 21,802.34 square metres) located at the 8th to 19th floors (in total 12 floors, the "**Office Units**"); and (ii) the right of use of 62 parking lots (the "**Parking Lots**") at the 2nd floor and 4th floor basement, of a retail cum office building, namely Jinsha INCITY located at No. 97 Jinsha Avenue, Xiasha Sub-district, Qiantang District, Hangzhou. Jinsha INCITY is a retail cum office development of which construction was fully completed in October 2019. The remaining portion of the Jinsha INCITY, which will continue owned by the Vendor after the Acquisition, includes a portion of the 2nd floor basement and the 1st floor basement to the 7th floors being retail mall and common facilities, and 1,184 parking lots (at a portion of the 2nd floor basement and another two levels of basement being carpark spaces). The Office Units are currently leased with varying terms of tenancies. The Properties will be delivered to the Purchaser on an "as is" basis upon completion of the transfer of titles of the Office Units (subject to the existing tenancies) and the use of right of the Parking Lots.

Pursuant to the Agreement, the Vendor and the Purchaser will enter into 156 separate standard title transfer documents with the consideration of each of the Office Units set out therein (the "**Individual Unit Transfer Agreements**") within 10 business days from the date of receipt of the Initial Deposit (as defined below) by the Vendor. In connection with the Agreement, the Vendor and the Purchaser has entered into a separate agreement in respect of the transfer of the right of use for the Parking Lots with the consideration of the parking lots set out therein.

To the best information, knowledge and belief of the Directors, based on the information currently available to the Company, on the basis of current rental rates and assuming there was no change in the rental rates and no change in the current tenancies since occupation started in October 2019, the total income derived from the Properties in the financial year(s) immediately preceding the date of the Acquisition would have been approximately RMB20 million (i.e. approximately HK\$24.1 million) per year. The after tax income (excluding management fees and other expenses of approximately RMB5.4 million (i.e. approximately HK\$6.5 million per year) and after corporate income tax) deriving from the Properties would have been approximately RMB14 million (i.e. approximately HK\$16.9 million) per year.

Consideration and Payment Terms

The total consideration for the Properties is RMB413,563,056, comprising RMB401,163,056 (equivalent to approximately HK\$483.5 million) for the Office Units and RMB12,400,000 for the Parking Lots (equivalent to approximately HK\$14.9 million). The Consideration is payable by the Group in the following manner:

- (i) RMB124,068,916.8 (being 30% of the consideration for the Office Units of RMB120,348,916.8 and 30% of the consideration for the right to use of the Parking Lots of RMB3,720,000) shall be paid within 10 business days of the execution of the Agreement (the "**Initial Deposit**");
- (ii) RMB120,348,916.8 (being 30% of the consideration for the Office Units) shall be paid within 10 business days of the completion of the execution of the Individual Unit Transfer Agreements and completion of the requisite filing and registration procedures in respect thereof in accordance with the requirements of the local government authorities;

- (iii) RMB156,453,591.8 (being 39% of the consideration for the Office Units) shall be paid within 10 business days upon the completion by the Vendor of all the requisite procedures for the delivery of the Office Units and the related rights (including delivery of title and possession) to the Purchaser in accordance with the Agreement (the “**Further Payment**”);
- (iv) RMB8,680,000 (being 70% of consideration of the right to use of the Parking Lots) shall be paid on the same payment day of the Further Payment, subject to the condition that all the requisite procedures to deliver possession of the Parking Lots have been completed;
- (v) the balance of RMB4,011,630.6 (being 1% of the consideration for the Office Units) shall be paid within 10 business days of the fulfilment of the following conditions (and in any event, not later than 40 business days from the date of completion of the delivery and handover of the Office Units to the Purchaser in accordance with the Agreement):
 - (a) completion of the rectification and enhancement work for the public area as agreed between the Vendor and the Purchaser in accordance with the Agreement; and
 - (b) to the extent the delivery of any of the Properties and the related rights have been extended in writing by the Purchaser (if any), the Purchaser has taken delivery of such Properties and related rights, and the parties have executed the relevant delivery confirmations.

The Consideration for the Acquisition was determined after arm’s length negotiations between the Purchaser and the Vendor with reference to comparable properties. The Consideration will be funded by the Group’s internal resources and/or bank loans.

Completion

Completion of the Acquisition is anticipated to take place on or before 19 January 2022 or any other day as agreed by both parties.

Should the title transfer of any of the Office Units or the right to use of the Parking Lots cannot be completed in accordance with the Agreement due to reasons beyond the control of the parties (including but not limited to force majeure and/or government policies), the Purchaser may at its sole discretion terminate the Agreement without any further liability to the Vendor, and the Purchaser shall have the right to request the Vendor to refund all the sums paid to the Vendor under the Agreement and take other remedial actions (including but not limited to cancelling the registration of the relevant agreements).

REASON FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in property development and property investment in Hong Kong, mainland China and the Asia Pacific region. The Acquisition is in line with the overall development strategy of the Group. The Properties are located in the centre of Qiantang District, Hangzhou, with convenient access to public transportations. The Properties will be held by the Group for investment purposes to earn rental income and, if considered appropriate, sale for profit. In view of the increasing demand in office space in Hangzhou, the Directors believe that the Acquisition will broaden the asset and recurring income base of the Group and will be beneficial to the Company and its shareholders as a whole.

The Directors also consider that the terms of the Acquisition are on normal commercial terms, and are fair and reasonable.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

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, hospitality and healthcare services.

The Purchaser is an investment and property holding company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company.

The Vendor is a company incorporated in the PRC with limited liability. To the best of the Directors' knowledge, the principal business activity of the Vendor is property development and investment.

DEFINITIONS

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

“Acquisition”	the acquisition of Properties by the Purchaser pursuant to the terms and conditions of the Agreement
“Agreement”	the asset transfer agreement signed by the Purchaser and the Vendor on 17 September 2021 in relation to the sale and purchase of the Properties
“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”	RMB413,563,056, being the aggregate consideration for the Acquisition and is payable by the Purchaser
“Directors”	the directors of the Company from time to time
“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

“Properties”	156 office units at 8 th to 19 th floors and 62 parking lots at the 2 nd floor and 4 th floor basement of a retail cum office building, namely Jinsha INCITY, which construction was fully completed in October 2019, and which is located at No. 97 Jinsha Avenue, Xiasha Sub-district, Qiantang District, Hangzhou, the PRC
“Purchaser”	杭盛物業管理（杭州）有限公司 (Hangsheng Property Management (Hangzhou) Company Limited [#]), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China (for the purpose of disclosure, excluding Hong Kong, Macau and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Ultimate Beneficial Owners”	to the best of the Directors’ knowledge having made all reasonable enquires, based on the information available to the Company, the ultimate beneficial owners of the Vendor include (i) a fund, namely 中航信託管理集合資金信託計劃 AVIC Trust Plan [#] , with 中航信託股份有限公司 AVIC Trust Co., Ltd. [#] (a company incorporated in the PRC with limited liability) as the licensed investment manager with a wide investor base (75%) ; (ii) 深圳印力諮詢管理有限公司 Shenzhen Yinli Consulting Management Co., Ltd [#] (a company incorporated in the PRC, which is a wholly-owned subsidiary of SCPG Holdings Co., Limited (印力集團控股有限公司) (“SCPG”), SCPG is an affiliate of CHINA VANKE CO. LTD. (“VANKE”), and VANKE is a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 2202)) (24%) ; and (iii) 深圳市盛達旺投資企業(有限合夥) Shenzhen Shengdawang Investment Enterprise (limited partnership) [#] (a company incorporated in the PRC and owned by the employees of Shenzhen Yinli Consulting Management Co., Ltd) (1%) .
“Vendor”	杭州潤灝置業有限公司 (Hangzhou Runhao Real Estate Co., Ltd. [#]), a company incorporated in the PRC with limited liability

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted into HK\$ at the rate of RMB1.00 = HK\$1.2053[^]. This rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been converted at the above rate or any other rates.

By order of the Board
HKR International Limited
CHA Mou Zing Victor
Executive Chairman

Hong Kong, 17 September 2021

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

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

Ms NGAN Man Ying

Non-executive Directors

The Honourable Ronald Joseph ARCULLI

Mr CHA Mou Daid Johnson

Independent Non-executive Directors

Mr CHEUNG Wing Lam Linus

Mr FAN Hung Ling Henry

Ms HO Pak Ching Loretta

Ms Barbara SHIU

Mr TANG Kwai Chang

[#] Translation of Chinese names in English is provided for identification purpose only

[^] Closing exchange rate as at 16 September 2021 obtained from Bloomberg

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