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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)

## **MAJOR TRANSACTION PROVISION OF FINANCIAL ASSISTANCE TO A JOINT VENTURE DEVELOPMENT PROJECT**

Reference is made to the announcement dated 19 April 2022 in relation to the provision of financial assistance to a joint venture company. In summary, the Company through Pine Isle, its indirect wholly-owned subsidiary and Hysan through Mariner Bay, its indirect wholly-owned subsidiary, entered into the Loan Agreement A with JV Company A (owned indirectly by Pine Isle as to 40% and by Mariner Bay as to 60%) for the provision of a 5-year revolving loan facility in an aggregate sum up to HK\$2,200 million to the JV Company A primarily for the provision of mortgage loans to purchasers of the residential units developed pursuant to the JV Project. The loan amount borne by Pine Isle, therefore indirectly by the Company, under the Loan Agreement A will be up to HK\$880 million (“Loan A”), equivalent to 40% of the loan facility amount.

On 26 May 2022, Pine Isle and Mariner Bay, as the lenders, entered into the Loan Agreement B with the JV Company B, as the borrower, for the provision of a 5-year revolving loan facility in an aggregate sum up to HK\$1,500 million to the JV Company B. The JV Company B is the project company for the development of the JV Project and is also owned indirectly by Pine Isle as to 40% and by Mariner Bay as to 60%. The shareholders’ loans from Pine Isle and Mariner Bay to the JV Company B under the Loan Agreement B will be made in proportion to their respective effective shareholding interests in the JV Company B and on the same terms. The loan amount borne by Pine Isle, therefore indirectly by the Company, under the Loan Agreement B will be up to HK\$600 million (“Loan B”).

The proceeds from the shareholders’ loans made under the Loan Agreement B to the JV Company B will be used to partially prepay/repay the Banking Facilities upon expiry of their original maturity on 26 May 2022 and for the general working capital of the JV Company B.

### **LISTING RULES IMPLICATIONS**

Although JV Company A and JV Company B are involved in different aspects of the JV Project, it is ultimately a single purpose project and the Company owns the same percentage shareholding in each of JV Company A and JV Company B (with the detailed relationships being set out in the section headed “Information on the Company, the JV Company A, the JV Company B, Pine Isle and Mariner Bay”). Therefore, the Company has treated it as appropriate to aggregate Loan B with Loan A pursuant to Rule 14.22 of the Listing Rules. As the aggregate amount of Loan A and Loan

B exceeds 25% of one of the applicable percentage ratios under Rule 14.07 of the Listing Rules but is less than 100% of all applicable percentage ratios, the granting of Loan B in addition to Loan A (“Loan Transaction”) constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules and is subject to the reporting, announcement and shareholder approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the Loan Transaction nor would be required to abstain from voting were the Company to convene an extraordinary general meeting to consider and if thought fit approve the Loan Transaction. The Major Shareholders, who together are the registered owners holding an aggregate of 816,702,249 ordinary shares, representing approximately 54.985% of the issued share capital of the Company as at the date of the Loan Agreement B, have given their written approvals for the Loan Transaction. As such, no general meeting will be convened for the purpose of approving the Loan Transaction as permitted under Rule 14.44 of the Listing Rules.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular, containing among other things, details of the Loan Transaction is required to be dispatched to the Shareholders within 15 Business Days after the publication of this announcement, which shall be on or before 17 June 2022.

## **BACKGROUND AND THE LOAN AGREEMENT B**

Reference is made to the announcement dated 19 April 2022 in relation to the provision of financial assistance to a joint venture company. In summary, the Company through Pine Isle, its indirect wholly-owned subsidiary and Hysan through Mariner Bay, its indirect wholly-owned subsidiary, entered into the Loan Agreement A with JV Company A (owned indirectly by Pine Isle as to 40% and by Mariner Bay as to 60%) for the provision of a 5-year revolving loan facility in an aggregate sum up to HK\$2,200 million to the JV Company A primarily for the provision of mortgage loans to purchasers of the residential units developed pursuant to the JV Project. The loan amount borne by Pine Isle, therefore indirectly by the Company, under the Loan Agreement A will be up to HK\$880 million (“Loan A”), equivalent to 40% of the loan facility amount.

On 26 May 2022, Pine Isle and Mariner Bay entered into the Loan Agreement B, as lenders, with the JV Company B, as borrower, for the provision of a 5-year revolving loan facility in an aggregate sum up to HK\$1,500 million to the JV Company B. The JV Company B is the project company for the development of the JV Project and is also owned indirectly by Pine Isle as to 40% and by Mariner Bay as to 60%. The shareholders’ loans from Pine Isle and Mariner Bay to the JV Company B under the Loan Agreement B will be made in proportion to their respective effective shareholding interests in the JV Company B and on the same terms. The loan amount borne by Pine Isle, therefore indirectly by the Company, under the Loan Agreement B will be up to HK\$600 million (“Loan B”).

The term provided in the Loan Agreement B during which the JV Company B may draw down on any portion of the loan from Pine Isle and Mariner Bay, on each occasion in proportion to their respective effective shareholdings held in the JV Company B, expires on 26 May 2027, subject to extension as may be agreed by the parties. The amounts drawn and outstanding under the Loan Agreement B will be interest-free, unsecured and without fixed term of repayment.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiry, Mariner Bay and its ultimate beneficial owner, Hysan, are third parties independent of the Company and its connected persons.

## **REASONS FOR THE PROVISION OF FINANCIAL ASSISTANCE**

The Group is principally engaged in property development and property investment in Hong Kong, mainland China and the Asia Pacific region. The JV Project is a residential development project jointly developed and owned as to 40% by the Group and 60% by Hysan. On 26 May 2017, the JV Company B entered into the Facility Agreement with a syndicate of banks for the provision of Banking Facilities in aggregate up to HK\$5,000 million for the purpose of refinancing up to 50% of the land premium paid and to finance or refinance construction costs and related professional fees associated with the JV Project. The maturity date of the Banking Facilities was 26 May 2022 but will be extended for an additional 18 months (“Extended Banking Facilities”). More details about the Extended Banking Facilities are set out in the section headed “Listing Rules Implications and Additional Information” for the information of Shareholders. As at the date of this announcement, the outstanding amount drawn down under the Banking Facilities, together with accrued interest is around HK\$4,104 million.

The proceeds from the shareholders’ loans made under the Loan Agreement B to the JV Company B will be used to partially prepay/repay the Banking Facilities upon expiry of their original maturity on 26 May 2022 and for the general working capital of the JV Company B. The partial prepayment/repayment of the Banking Facilities is the prerequisite for the extension of the maturity date of the Banking Facilities.

The Directors are satisfied that each of Pine Isle and Marina Bay, together being indirectly interested in the entire issued share capital of the JV Company B, will be lending to the JV Company B in proportion to their respective effective interests in the JV Company B and on identical terms under the Loan Agreement B. Accordingly, the Directors consider that the Loan Agreement B represents normal commercial terms that are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

The Group will finance the loans made pursuant to the Loan Agreement B from internal resources. The provision of such financial assistance is not expected to have any material effect on the Group’s results, total assets and total liabilities.

## **INFORMATION ON THE COMPANY, THE JV COMPANY A, THE JV COMPANY B, PINE ISLE AND MARINER BAY**

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, transportation services and property management, hotel operations and leisure businesses.

The JV Company A is a company incorporated in Hong Kong with limited liability and is directly wholly-owned by Strongbod Limited. Strongbod Limited is an investment holding company incorporated in the British Virgin Islands with limited liability, which is directly owned as to 40% by Pine Isle and 60% by Mariner Bay. The JV Company A has been set up for the sole purpose of providing mortgage loans to qualifying purchasers of residential units developed pursuant to the JV Project.

The JV Company B is a company incorporated in Hong Kong with limited liability and is directly wholly-owned by Strongbod Limited. The JV Company B has been set up solely to pursue the JV Project and is the owner of the Plots.

Pine Isle is an investment holding company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company.

Mariner Bay is an investment holding company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of Hysan. Hysan is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code : 00014). Its principal businesses are property investment, management and development.

## LISTING RULES IMPLICATIONS AND ADDITIONAL INFORMATION

Although JV Company A and JV Company B are involved in different aspects of the JV Project, it is ultimately a single purpose project and the Company owns the same percentage shareholding in each of JV Company A and JV Company B (with the detailed relationships being as set out in the section headed “Information on the Company, the JV Company A, the JV Company B, Pine Isle and Mariner Bay”). Therefore, the Company has treated it as appropriate to aggregate Loan B with Loan A pursuant to Rule 14.22 of the Listing Rules. As the aggregate amount of Loan A and Loan B exceeds 25% of one of the applicable percentage ratios under Rule 14.07 of the Listing Rules but is less than 100% of all applicable percentage ratios, the Loan Transaction constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules and is subject to the reporting, announcement and shareholder’s approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the Loan Transaction nor would be required to abstain from voting were the Company to convene an extraordinary general meeting to consider and if thought fit approve the Loan Transaction. The Major Shareholders, who together are the registered owners holding an aggregate of 816,702,249 ordinary shares, representing approximately 54.985% of the issued share capital of the Company as at the date of the Loan Agreement B, have given their written approvals for the Loan Transaction. As such, no general meeting will be convened for the purpose of approving the Loan Transaction as permitted under Rule 14.44 of the Listing Rules.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular, containing among other things, details of the Loan Transaction is required to be dispatched to the Shareholders within 15 Business Days after the publication of this announcement, which shall be on or before 17 June 2022.

In addition, reference is made to the announcement of the Company dated 26 May 2017. On 26 May 2022, the JV Company B, with the consents of the Company and Hysan, as the guarantors under the Facility Agreement, has entered into the Supplemental Agreement with the Bank (as the remaining lender) for the extension of the Banking Facilities for an additional 18 months from their original maturity date, being 26 May 2022. The principal terms of the Extended Banking Facilities (as compared to their original terms) are as follows:

	Banking Facilities	Extended Banking Facilities
Maximum Principal Amount	HK \$5,000 million	No change
Purpose	(a) To partially refinance the land premium paid as regards a maximum of 50% of the land premium paid; and (b) To finance or refinance construction costs	(a) To partially refinance the land premium paid as regards a maximum of 40% of the land premium paid; and (b) To finance or refinance construction costs as regards a maximum of 80% of the construction costs

Final Maturity	60 months from the date of the Facility Agreement (i.e. 26 May 2022)	18 months from the date of the Supplemental Agreement (i.e. 26 November 2023)
Interest	Sum of HIBOR of relevant Interest Period and 0.65% per annum	Sum of HIBOR of relevant Interest Period and 0.79% per annum
Lender(s)	4 financial institutions (including the Bank)	The Bank
Guarantee	As security for the JV Company B's obligation under the Banking Facilities, the Company and Hysan provided guarantees in favour of the Bank as security agent on a several basis in proportion to their respective effective interests in the JV Company B, i.e. 40% and 60% respectively	No change

The security for the Banking Facilities remains essentially unchanged and includes (i) a first ranking building mortgage over the Plots and properties thereon and a debenture incorporating a first floating charge over all the JV Company B's assets and undertakings; (ii) a first fixed charge over the accounts into which the JV Company B's sales proceeds, rental proceeds and other money to be received in relation to the JV Project are deposited; (iii) several funding undertakings provided by each of the Company and Hysan that, to the extent not financed by drawdowns made under the relevant Banking Facilities, the Company and Hysan will provide funding to the JV Company B in relation to (a) all outstanding construction costs (including any cost overrun) of the JV Project and all other costs (including professional fees) required to complete the JV Project without interruption or delay; and (b) payment of all financial costs and expenses in relation to the JV Project; (iv) a joint and several completion undertaking from the Company and Hysan to complete the construction of the JV Project so as to obtain the occupation permits on or before 30 September 2022 (amended from 30 June 2022) and the certificates of compliance on or before 31 March 2023 (amended from 30 September 2022) in relation to the JV Project; (v) share mortgage (by way of first fixed charge) over the entire issued share capital, present or future of the JV Company B; (vi) subordination and assignment of all existing and future shareholders' loans and inter-company loans advanced to the JV Company B; (vii) assignment of sales proceeds (incorporating a charge over account) in respect of all sale proceeds derived from the JV Project; and (viii) assignment of insurance policies and main building and project-related contracts (except consultants' and design contracts) for the JV Project.

The Guarantee together with previous shareholder loans advanced to the JV Company B by the Company, represents financial assistance commitments that were contemplated at the outset of (and were referenced in the shareholders' agreement relating to) the joint venture. This financial assistance (the "Original Commitments") was disclosed in the announcement of the Company dated 26 May 2017, and represented financial assistance to a joint venture being pursued in the form of a single purpose project (ultimately for sale, and not investment, purposes) and was treated as being revenue in nature in the ordinary course of the Company. As such, the joint venture arrangements fell within the exclusion to Rule 14.04(1)(f) of the Listing Rules and the Original Commitments were not treated as separate notifiable transaction(s) for the purposes of Chapter 14 of the Listing Rules. As at the date of this announcement, the outstanding shareholder loans (excluding the Loan B) advanced to the JV Company B by the Group total HK\$892 million ("Outstanding Shareholder Loan Amount").

With the addition of Loan B (HK\$600 million) agreed under the Loan Agreement B (representing approximately 1.35% of the total assets of the Group of HK\$44,400 million as at 30 September 2021), the total financial support (including the Guarantee and the Outstanding Shareholder Loan Amount) provided by the Group to the JV Company B as at the date of this announcement comes to HK\$3,492 million, which is marginally below 8% of the Group's assets per the assets ratio under Rule 14.07(1) of the Listing Rules.

Moreover, by adding the further HK\$880 million shareholder's loan agreed under the Loan Agreement A, the total committed financial assistance from the Group in respect of the JV Project will be HK\$4,372 million as at the date of this announcement, which together with all other incidents of financial assistance provided by the Group to, and guarantees given by the Group for banking facilities granted to, other affiliated companies of the Company, the details of which are set out in the interim report, continue as on-going liabilities of the Group; and they continue to exceed 8% of the Group's assets per the assets ratio under Rule 14.07(1) of the Listing Rules. The Company will continue to comply with the relevant disclosure requirements under Rules 13.16 and 13.22 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms and expressions have the following meanings:

“Bank”	Bank of China (Hong Kong) Limited as the remaining lender and security agent under the Supplemental Agreement
“Banking Facilities”	the banking facilities granted by a syndicate of banks in Hong Kong to the JV Company B in a total principal amount of HK\$5,000 million to partially refinance the land premium paid and to finance or refinance construction costs and related professional fees all as relating to the JV Project
“Business Day(s)”	a day other than Saturday, Sunday, any day on which banks located in Hong Kong are authorised or obligated to close, any public holiday in Hong Kong or a day on which typhoon signal No.8 or above or black rainstorm signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. Hong Kong time
“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
“Facility Agreement”	an agreement dated 26 May 2017 for the purpose of granting the Banking Facilities
“Group”	the Company and its subsidiaries from time to time
“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 shares of which are listed on the Main Board of the Stock Exchange (Stock Code : 00014)
“Interest Period”	One, two or three months or subject to availability six months at the selection of the JV Company B and mutually agree with the Bank as agent (acting on the instruction of all the lenders)
“JV Company A”	Gainwick Mortgage Limited, a company incorporated in Hong Kong with limited liability and indirectly owned as to 40% by the Company and 60% by Hysan
“JV Company B”	Gainwick Limited, a company incorporated in Hong Kong with limited liability and indirectly owned as to 40% by the Company and 60% by Hysan
“JV Project”	the joint venture project between the Company and Hysan to redevelop and sell residential properties built on the Plots
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement A”	the revolving loan facility agreement dated 19 April 2022 entered into between Pine Isle and Mariner Bay, as the lenders, and the JV Company A, as the borrower
“Loan Agreement B”	The revolving loan facility agreement dated 26 May 2022 entered into between Pine Isle and Mariner Bay, as the lenders, and the JV Company B, as the borrower
“Major Shareholders”	<p>comprise CCM Trust (Cayman) Limited (“CCM”), Mingly Asia Capital Limited (“Mingly”), CCM Capital Corporation (“CCM Capital”), Soar Boom Limited (“Soar Boom”), LBJ Regents (PTC) Limited (“LBJ”) and Bie Ju Enterprises Limited (“Bie Ju”), a closely allied group of shareholders who together hold approximately 54.985% 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 38.444% (representing 571,011,401 ordinary shares of the Company). CCM (which is also indirectly interested in the shares of the Company held via its subsidiaries, Mingly, CCM Capital and Soar Boom as described in (b), (c) and (d) 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>

- (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% (representing 45,157,894 ordinary shares of the Company);
- (c) CCM Capital 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 1.696% (representing 25,183,584 ordinary shares of the Company);
- (d) Soar Boom 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 4.999% (representing 74,265,090 ordinary shares of the Company);
- (e) LBJ is a company incorporated in the British Virgin Islands with limited liability and which has a direct interest in the Company of approximately 6.182% (representing 91,818,179 ordinary shares of the Company). LBJ (which is also indirectly interested in the shares of the Company held via its wholly-owned subsidiary Bie Ju, as described in (f) 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; and
- (f) 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 0.624% (representing 9,266,101 ordinary shares of the Company)

“Mariner Bay”

Mariner Bay Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Hysan

“Guarantee”

a guarantee dated 26 May 2017 provided by the Company in favour of the Bank as security agent, pursuant to which the company agreed to guarantee the obligations of the JV Company B under the Facility Agreement up to a maximum principal amount of HK\$2,000 million

“Pine Isle”

Pine Isle Holdings Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company

“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
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Facility Agreement, among other things, providing for the extension of the Banking Facilities for an additional 18 months from the date of expiry of the original maturity date, being 26 May 2022.

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

Hong Kong, 26 May 2022

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

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