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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  
IN RELATION TO THE DISPOSALS  
REPRESENTING DIVESTMENT OF A PROPERTY INTEREST IN  
BANGKOK, THAILAND**

## **THE DISPOSALS**

On 1 February 2023, i) the Seller, a wholly-owned subsidiary of the Company and the Purchaser A entered into the SPA A for the disposal of the Sale Share A, representing a 40% equity interest in the Target Company (which is the legal and beneficial owner of the Land) from the Seller to the Purchaser A for a consideration of Thai Baht 933,940,000 (approximately HK\$220.9 million) (subject to adjustment, if any); and ii) the Company (as assignor), the Purchaser A (as assignee) and the Target Company (as borrower) entered into the Novation Agreement A for the assignment of the Sale Loan A from the Company to the Purchaser A on the Completion Date for a consideration of Thai Baht 1,470,042,167 (approximately HK\$347.7 million) (subject to adjustment, if any). Hence, the total consideration for the Disposal A is Thai Baht 2,403,982,167 (approximately HK\$568.6 million) (subject to adjustment, if any).

On the same date, i) the Seller and the Purchaser B entered into the SPA B for the disposal of the Sale Share B, representing a 9% equity interest in the Target Company from the Seller to the Purchaser B for a consideration of Thai Baht 210,136,500 (approximately HK\$49.7 million) (subject to adjustment, if any); and ii) the Company (as assignor), the Purchaser B (as assignee) and the Target Company (as borrower) entered into the Novation Agreement B for the assignment of the Sale Loan B from the Company to the Purchaser B on the Completion Date for a consideration of Thai Baht 367,510,542 (approximately HK\$86.9 million) (subject to adjustment, if any). Hence, the total consideration for the Disposal B is Thai Baht 577,647,042 (approximately HK\$136.6 million) (subject to adjustment, if any).

The Disposals completed simultaneously on the Completion Date (being 1 February 2023), being the same date on which the SPAs and the Novation Agreements were signed.

In completing the Disposals, the Company has successfully and profitably divested its 49% interest in a piece of land in Bangkok, Thailand (representing approximately 12,666 square metres), which has yet to be developed. By selling prior to development, the Company has avoided any obligation to fund future development costs.

## LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios under Rule 14.07 of the Listing Rules is more than 5% but all applicable percentage ratios are less than 25%, the Disposals constitute a discloseable transaction of the Company under Rule 14.06 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## INTRODUCTION

On 1 February 2023, i) the Seller and the Purchaser A entered into the SPA A for the disposal of the Sale Share A, representing a 40% equity interest in the Target Company (which is the legal and beneficial owner of the Land) from the Seller to the Purchaser A for a consideration of Thai Baht 933,940,000 (approximately HK\$220.9 million) (subject to adjustment, if any); and ii) the Company (as assignor), the Purchaser A (as assignee) and the Target Company (as borrower) entered into the Novation Agreement A for the assignment of the Sale Loan A from the Company to the Purchaser A on the Completion Date for a consideration of Thai Baht 1,470,042,167 (approximately HK\$347.7 million) (subject to adjustment, if any). Hence, the total consideration for the Disposal A is Thai Baht 2,403,982,167 (approximately HK\$568.6 million) (subject to adjustment, if any).

On the same date, i) the Seller and the Purchaser B entered into the SPA B for the disposal of the Sale Share B, representing a 9% equity interest in the Target Company from the Seller to the Purchaser B for a consideration of Thai Baht 210,136,500 (approximately HK\$49.7 million) (subject to adjustment, if any); and ii) the Company (as assignor), the Purchaser B (as assignee) and the Target Company (as borrower) entered into the Novation Agreement B for the assignment of the Sale Loan B from the Company to the Purchaser B on the Completion Date for a consideration of Thai Baht 367,510,542 (approximately HK\$86.9 million) (subject to adjustment, if any). Hence, the total consideration for the Disposal B is Thai Baht 577,647,042 (approximately HK\$136.6 million) (subject to adjustment, if any).

## DETAILS OF THE SPAS AND NOVATION AGREEMENTS

**Date of the SPAs and Novation Agreements:** 1 February 2023

**Parties to the SPAs and Novation Agreements:**

### **For SPA A**

- (1) Seller : HKR Asia-Pacific Pte Ltd, which owns a 49% equity interest in the Target Company
- (2) Purchaser : The Purchaser A

### **For Novation Agreement A**

- (1) Assignor : The Company
- (2) Assignee : The Purchaser A
- (3) Borrower : The Target Company

### **For SPA B**

- (1) Seller : HKR Asia-Pacific Pte Ltd, referenced above
- (2) Purchaser : The Purchaser B

### **For Novation Agreement B**

- (1) Assignor : The Company
- (2) Assignee : The Purchaser B
- (3) Borrower : The Target Company

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Purchaser A and the Purchaser B and their respective ultimate beneficial owners (with more details as set out below) are third parties independent of and not connected with the Company or its connected persons.

### **Subject of the Disposals**

Pursuant to the SPA A, the Seller agreed to sell and the Purchaser A agreed to purchase the Sale Share A which represents 40% of the issued share capital of the Target Company. In addition, pursuant to the Novation Agreement A, the Company agreed to assign and the Purchaser A agreed to accept all its benefits of and interests in the Sale Loan A owed by the Target Company as debtor to the Company as at Completion Date.

Pursuant to the SPA B, the Seller agreed to sell and the Purchaser B agreed to purchase the Sale Share B which represents 9% of the issued share capital of the Target Company. In addition, pursuant to the Novation Agreement B, the Company agreed to assign and the Purchaser B agreed to accept all its benefits of and interests in the Sale Loan B owed by the Target Company as debtor to the Company as at Completion Date.

The Sale Loans have been novated to the Purchaser A and the Purchaser B approximately pro rata to their respective purchases of the Sale Shares.

The Target Company is the sole legal and beneficial owner of the Land which is located on Wireless Road, Lumpini Sub-district, Pathumwan District, Bangkok, Thailand under the land title deed no. 5406 Land Plot No. 1 with an area of approximately 3,166 square wah (equivalent to approximately 12,666 square metres). The Land is currently undeveloped, with no building(s) on it.

### **Consideration and Payment Terms**

The Total Consideration was agreed between the Company and each of the Purchaser A and the Purchaser B by reference to recent sale prices of comparable properties, and shall be satisfied by the Purchaser A and the Purchase B respectively as follows:

#### **For Disposal A**

The total cash consideration for the Disposal A is Thai Baht 2,403,982,167 (approximately HK\$568.6 million) (“**Total Consideration A**”) (subject to adjustment, if any), of which Thai Baht 933,940,000 is the consideration for the Sale Share A (“**Share Consideration A**”) and Thai Baht 1,470,042,167 is the consideration for the Sale Loan A (“**Loan Consideration A**”).

The Total Consideration A was paid in full on Completion.

The Seller shall, at its own cost and expense, prepare and deliver to the Purchaser A within 30 Business Days after the Completion Date the Completion Accounts duly audited by the Target Company’s existing auditor for determining the actual net asset value of the Target Company, the sum of the accrued interest and remittance withholding tax, if any, for the Sale Loan A and withholding tax on dividend for the Sale Share A, if any, as at the Completion Date for consideration adjustment purpose. The Share Consideration A and Loan Consideration A are subject to adjustment based on the

Completion Accounts. Any different amount shall be settled within 55 Business Days between the Seller and the Company with the Purchaser A respectively after the Completion Date.

### **For Disposal B**

The total cash consideration for the Disposal B is Thai Baht 577,647,042 (approximately HK\$136.6 million) (“**Total Consideration B**”) (subject to adjustment, if any), of which Thai Baht 210,136,500 is the consideration for the Sale Share B (“**Share Consideration B**”) and Thai Baht 367,510,542 is the consideration for the Sale Loan B (“**Loan Consideration B**”).

The Total Consideration B was paid in full on Completion.

The Seller shall, at its own cost and expense, prepare and deliver to the Purchaser B within 30 Business Days after the Completion Date the Completion Accounts duly audited by the Target Company’s existing auditor for determining the actual net asset value of the Target Company, the sum of the accrued interest and remittance withholding tax, if any, for the Sale Loan B and withholding tax on dividend for the Sale Share B, if any, as at the Completion Date for consideration adjustment purpose. The Share Consideration B and Loan Consideration B are subject to adjustment based on the Completion Accounts. Any different amount shall be settled within 55 Business Days between the Seller and the Company with the Purchaser B respectively after the Completion Date.

All the consideration payable for the Disposals was settled in Hong Kong dollars and converted based on the average rate of HK\$/Thai Baht quoted by the Bank of Thailand over a period of 5 consecutive Business Days ending on and including the fourth Business Day immediately preceding the payment date.

### **Completion**

Completion of the Disposals took place simultaneously on the Completion Dates.

### **INFORMATION OF THE TARGET COMPANY**

The Target Company is the sole legal and beneficial owner of the Land. The only business of the Target Company is for holding the Land.

Set out below is the audited financial information of the Target Company for the years ended 31 March 2021 and 2022:

	<b>For the year ended 31 March</b>	
	<b>2021</b>	<b>2022</b>
	Thai Baht	Thai Baht
	<i>(approximately)</i>	<i>(approximately)</i>
Net (loss) before taxation and extraordinary items	(90,300,000)	(93,700,000)
Net (loss) after taxation and extraordinary items	(92,700,000)	(96,100,000)

The audited net liability of the Target Company as at 31 March 2022 was approximately Thai Baht 571,500,000 (approximately HK\$135.2 million).

## **INFORMATION ON THE COMPANY, THE SELLER AND THE PURCHASERS**

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the shares 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 Seller is an investment holding company incorporated in Singapore with limited liability and is directly wholly-owned by the Company. It held a 49% equity interest in the Target Company. The Target Company was not accounted for as a subsidiary of the Seller or the Company.

The Purchaser A is a company incorporated in Hong Kong with limited liability. The principal activity of the Purchaser A is investment holding. The Purchaser A is an indirect wholly-owned subsidiary of Swire Properties Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 01972). The principal activities of Swire Properties Limited and its subsidiaries are: (i) property investment, that is the development, leasing and management of commercial, retail and some residential properties; (ii) property trading, that is the development and construction of properties, principally residential apartments, for sale; and (iii) investment in and operation of hotels.

The Purchaser B is a property investment holding company incorporated in the British Virgin Islands with limited liability and the beneficial owner of which is Mr Chali Sophonpanich, a Thai businessman.

## **REASONS FOR AND BENEFITS DERIVED FROM THE DISPOSALS**

In a market facing uncertainties, including those arising from the impact of the COVID-19 pandemic and the tightening of global monetary supplies, the Directors are of the view that the Disposals represent a good opportunity for the Group to realise its investment in the Land with an attractive return. By selling the Land prior to development, the Company has avoided any obligation to fund future development costs. The Disposals will increase the working capital of the Group and enhance its cashflow. The Directors consider that the Disposals are in the interests of the Company and its shareholders as a whole and the terms thereof are on normal commercial terms, which are fair and reasonable.

It is estimated that the Company will record a net gain from the Disposals of approximately HK\$350 million, after taking into account transaction costs and related taxes. The actual gain is subject to audit and may be different from the estimated amount, as the actual gain or loss will depend on, amongst other factors, the finally determined net asset value of the Target Company and any adjustment of accrued interest in respect of the Sale Loans as at the Completion Date.

The Company intends to apply the net proceeds from the Disposals to finance other investment opportunities in the property market as and when they arise in the future and for the general working capital of the Group.

## **LISTING RULES IMPLICATIONS**

Since one of the applicable percentage ratios under Rule 14.07 of the Listing Rules is more than 5% but all applicable percentage ratios are less than 25%, the Disposals constitute a discloseable transaction of the Company under Rule 14.06 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## EXEMPT TRANSACTION

1% of the issued share capital of the Target Company was owned by a Thai national who is a director of some subsidiaries of the Company (and therefore a connected person of the Company). Contemporaneously with Completion, that interest in the Target Company was sold to Mr. Chali Sophonpanich as referred to above or his designated parties. The consideration for the sale was Thai Baht 23,348,500 (approximately HK\$5.5 million), representing the same pro rata consideration received by the Seller in respect of the Sale Shares. The transaction did not involve the novation or transfer of any related shareholder loan(s), as no such loan(s) existed.

The Directors are satisfied that this sale was concluded on normal commercial terms; and given that all applicable percentage ratios under Rule 14.07 of the Listing Rules were less than 1% and that the transaction was connected only because it involved a connected person at a subsidiary level, it constituted a de-minimis transaction pursuant to Rule 14A.76 (1) of the Listing Rules, fully exempt from shareholders' approval and all disclosure requirements.

## DEFINITIONS

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

“Business Day”	a day on which banks are open for business in Thailand (excluding Saturdays, Sundays or public holidays)
“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 Disposals
“Completion Accounts”	the audited accounts of the Target Company comprising a statement of comprehensive income of the Target Company for the period from 31 March 2022 to the Completion Date and a statement of financial position of the Target Company as at the Completion Date, together with the adjustment of the net asset value of the Target Company and accrued interest for the Sale Loans, if any, as at the Completion Date
“Completion Date”	1 February 2023
“Directors”	the directors of the Company from time to time
“Disposal A”	the disposal of the Sale Share A by the Seller to the Purchaser A and the assignment of the Sale Loan A by the Company to the Purchaser A in accordance with the terms and conditions set out in the SPA A and the Novation Agreement A
“Disposal B”	the disposal of the Sale Share B by the Seller to the Purchaser B and assignment of the Sale Loan B by the Company to the Purchaser B in accordance with the terms and conditions set out in the SPA B and the Novation Agreement B

“Disposals”	Disposal A and Disposal B
“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
“Land”	a piece of land located on Wireless Road, Lumpini Sub-district, Pathumwan District, Bangkok, Thailand under the land title deed no. 5406 Land Plot No. 1 with an area of approximately 3,166 square wah (equivalent to approximately 12,666 square metres), in which the Seller owns a 49% indirect interest
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Novation Agreement A”	the novation agreement entered into among the Purchaser A as assignee, the Company as assignor and the Target Company as borrower on 1 February 2023 for the assignment of the Sale Loan A from the Company to the Purchaser A
“Novation Agreement B”	the novation agreement entered into among the Purchaser B as assignee, the Company as assignor and the Target Company as borrower on 1 February 2023 for the assignment of the Sale Loan B from the Company to the Purchaser B
“Novation Agreements”	Novation Agreement A and Novation Agreement B
“Purchaser A”	Dynamic Oasis Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Swire Properties Limited, the shares of which are listed on the Stock Exchange (Stock Code: 01972)
“Purchaser B”	Sunny Ray Limited, is a company incorporated in the British Virgin Islands with limited liability
“Purchasers”	the Purchaser A and the Purchaser B
“Sale Loan A”	representing 80% of the loan principal amount and all the accrued interest on such principal amount up to and including the Completion Date owed by the Target Company to the Company of Thai Baht 1,470,042,167 (equivalent to HK\$347.7 million) (subject to adjustment, if any)
“Sale Loan B”	representing 20% of the loan principal amount and all the accrued interest on such principal amount up to and including the Completion Date owed by the Target Company to the Company of Thai Baht 367,510,542 (equivalent to HK\$86.9 million) (subject to adjustment, if any)

“Sale Loans”	Sale Loan A and Sale Loan B
“Sale Share A”	2,000,000 shares in the Target Company, representing 40% issued and paid up share capital of the Target Company
“Sale Share B”	450,000 shares in the Target Company, representing 9% issued and paid up share capital of the Target Company
“Sale Shares”	Sale Share A and Sale Share B
“Seller”	HKR Asia-Pacific Pte Ltd, a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of the Company
“SPA A”	the sale and purchase agreement entered into between the Purchaser A and the Seller on 1 February 2023 for the sale and purchase of Sale Share A from the Seller to the Purchaser A
“SPA B”	the sale and purchase agreement entered into between the Purchaser B and the Seller on 1 February 2023 for the sale and purchase of Sale Share B from the Seller to the Purchaser B
“SPAs”	SPA A and SPA B
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	City Grace Co. Ltd., a company incorporated in Thailand with limited liability and the sole legal and beneficial owner of the Land
“Total Consideration”	Thai Baht 2,981,629,209 (approximately HK\$705.2 million), being the total consideration for the Disposals (subject to adjustment, if any)
“Thai Baht”	the lawful currency of Thailand

*Unless otherwise specified in this announcement, amounts denominated in Thai Baht have been converted into HK\$ at the rate of Thai Baht 4.22814 = HK\$1, a rate agreed between parties pursuant to the SPAs.*

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

Hong Kong, 1 February 2023



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

Mr LEE Ivan Wank-hay

Ms NGAN Man Ying

***Non-executive Directors***

Mr CHA Mou Daid Johnson

Mr CHA Yiu Chung Benjamin

***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