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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **HKR International Limited** (the “Company”), you should at once hand this circular to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

MAJOR TRANSACTION
DISPOSAL OF PROPERTY IN SINGAPORE

A letter from the Board is set out on pages 5 to 10 of this circular.

15 October 2013

* Registered under Part XI of the Companies Ordinance, Chapter 32 of the laws of Hong Kong

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“Agreements”	the Beaufort Agreement and the Maxbright Agreement, and “Agreement” means either of them;
“Beaufort Agreement”	the sale and purchase agreement dated 14 August 2013 entered into between Beaufort Sentosa Development Pte Ltd as the Vendor and the Purchaser in relation to the disposal of two pieces of land of lot numbers 382K and 383N of Mukim 34 together with the buildings erected thereon in Singapore;
“Board”	the board of directors of the Company;
“business day”	a day (other than Saturdays, Sundays or gazetted public holidays) on which commercial banks are open for business in Singapore;
“Company”	HKR International Limited (香港興業國際集團有限公司*), 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 Disposal pursuant to the terms and conditions of the Agreements;
“Consideration”	S\$210.85 million (approximately HK\$1,289.7 million), being the total consideration for the Disposal payable by Purchaser to the Vendors or its nominee pursuant to the Agreements;
“Directors”	directors of the Company from time to time;
“Disposal”	the disposal of the Property upon and subject to the terms and conditions of the Agreements;
“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;

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DEFINITIONS

“Latest Practicable Date”	9 October 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“Lots”	three pieces of land of lot numbers 382K, 383N and 1850C of Mukim 34 in Singapore;
“Major Shareholders”	<p>comprise CCM Trust (Cayman) Limited (“CCM”), Mingly Asia Capital Limited (“Mingly”), LBJ Regents Limited (“LBJ”), Bie Ju Enterprises Limited (“Bie Ju”), Galaxy Development Company Limited (“Galaxy”), Accomplished Investments Limited (“Accomplished”), Mr CHA Mou Sing Payson and Mr CHA Mou Zing Victor, a closely allied group of shareholders who together hold 51.28% 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 38.44%. CCM (which is also indirectly interested in the shares of the Company held via its subsidiary, Mingly, as described in (b) 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> <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%;</p> <p>(c) LBJ is a company incorporated in the British Virgin Islands with limited liability and which has a direct interest in the Company of approximately 6.18%. LBJ (which is also indirectly interested in the shares of the Company held via its wholly-owned subsidiary Bie Ju, as described in (d) 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;</p>

DEFINITIONS

(d) 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 0.62%;

(e) Galaxy is a company incorporated in the Bahamas with limited liability and whose beneficial owner is a charitable organisation recognised in Hong Kong. Galaxy has a direct interest in the Company of approximately 1.46% and the majority of its board members are the late Dr CHA Chi Ming's issue;

(f) Accomplished is a company incorporated in the British Virgin Islands with limited liability, wholly-owned by Mr CHA Mou Sing Payson, and which has a direct interest in the Company of approximately 1.25%;

(g) save as mentioned above, Mr CHA Mou Sing Payson has direct registered interests in the Company of approximately 0.23%; and

(h) Mr CHA Mou Zing Victor has a direct registered interest in the Company of approximately 0.06%.

Both Mr CHA Mou Sing Payson and Mr CHA Mou Zing Victor are sons of the late Dr CHA Chi Ming and are among the beneficiaries of various discretionary trusts mentioned in (a) and (c) above;

“Maxbright Agreement”

the sale and purchase agreement dated 14 August 2013 entered into between Maxbright Pte. Ltd. as the Vendor and the Purchaser in relation to the disposal of a piece of land of lot number 1850C of Mukim 34 together with the buildings erected thereon in Singapore;

“Property”

the Lots, together with the buildings erected thereon including but not limited to the spa and health club facilities;

“Purchaser”

Royal Group Development Pte. Ltd., a company incorporated in Singapore;

“SDC”

Sentosa Development Corporation, a statutory board under the Ministry of Trade and Industry of Singapore;

DEFINITIONS

“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong as amended from time to time;
“Shareholder(s)”	shareholder(s) of the Company;
“Singapore”	Republic of Singapore;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“S\$”	Singapore dollars, the lawful currency of Singapore; and
“Vendors”	each of Beaufort Sentosa Development Pte Ltd and Maxbright Pte. Ltd., both being companies incorporated in Singapore and indirect wholly-owned subsidiaries of the Company, and “Vendor” means either of them.

Unless otherwise specified in this circular, amounts denominated in S\$ have been converted into HK\$ at the rate of S\$1.00 = HK\$6.1167. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.



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)

Directors:

Mr CHA Mou Sing Payson (*Chairman*)
Mr CHA Mou Zing Victor (*Deputy Chairman & Managing Director*)
Mr CHUNG Sam Tin Abraham^o
Mr TANG Moon Wah
The Honourable Ronald Joseph ARCULLI[#]
Mr CHA Mou Daid Johnson[#]
Ms WONG CHA May Lung Madeline[#]
Dr CHENG Kar Shun Henry[^]
Dr CHEUNG Kin Tung Marvin[^]
Mr CHEUNG Wing Lam Linus[^]
Ms HO Pak Ching Loretta[^]
Dr QIN Xiao[^]

Registered Office:

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Grand Cayman
KY1-1104, Cayman Islands

*Principal Place of Business
in Hong Kong:*

23/F, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

^o Also alternate to Mr CHA Mou Sing Payson

[#] Non-executive Directors

[^] Independent Non-executive Directors

15 October 2013

Dear Shareholders,

MAJOR TRANSACTION
DISPOSAL OF PROPERTY IN SINGAPORE

INTRODUCTION

Reference is made to the announcement of the Company dated 15 August 2013. On 14 August 2013, each of the Vendors, two indirect wholly-owned subsidiaries of the Company, entered into separate sale and purchase agreements with the Purchaser pursuant to which the Vendors agreed to sell, and the Purchaser agreed to purchase, the Property, for an aggregate consideration of S\$210.85 million (equivalent to approximately HK\$1,289.7 million), upon and subject to the terms and conditions of the Agreements. Completion of each Agreement is subject to and conditional upon the concurrent completion of the other Agreement.

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LETTER FROM THE BOARD

The Company intended to publish the announcement as soon as possible on 15 August 2013 in order to comply with Rule 14.34 of the Listing Rules but was engaged in obtaining confirmations for finalising its contents and was distracted by a backlog of other administrative matters arising out of losing a working day on account of the typhoon number 8 hoisted on 14 August 2013 and inadvertently overlooked the need to apply for a trading halt or trading suspension pending the announcement.

Since one of the applicable percentage ratios under Rule 14.07 of the Listing Rules is more than 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further details in relation to the Disposal.

THE AGREEMENTS

1. Date

14 August 2013

2. Parties

A. *Beaufort Agreement*

Vendor : Beaufort Sentosa Development Pte Ltd

Purchaser : Royal Group Development Pte. Ltd.

B. *Maxbright Agreement*

Vendor : Maxbright Pte. Ltd.

Purchaser : Royal Group Development Pte. Ltd.

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, the Purchaser and its beneficial owners are third parties independent of the Company and its connected persons.

3. The Property

The Property comprises three pieces of land of lot numbers 382K, 383N and 1850C of Mukim 34 in Singapore, together with the buildings erected thereon including but not limited to the spa and health club facilities, with a gross floor area of approximately 28,988 square metres. The Property is, and will, prior to Completion, continue to be, indirect wholly-owned by the Company for investment purposes. According to the valuation report issued by DTZ Debenham Tie Leung Limited, an independent professional valuer, as set out in Appendix II to this circular, the valuation of the Property was S\$174 million (equivalent to approximately HK\$1,064.3 million) as at 26 August 2013.

LETTER FROM THE BOARD

4. Consideration

The Consideration of S\$210.85 million (equivalent to approximately HK\$1,289.7 million) was agreed by the parties on an arm's length basis by reference to the prevailing market prices of properties of similar nature and shall be satisfied by the Purchaser in cash in the following manner:

Date of payment	Amount paid/payable
Upon signing of the Agreements	S\$3,162,750 (representing 1.5% of the Consideration and being equivalent to approximately HK\$19.3 million), being the initial deposit which is non-refundable unless the Vendors fail to obtain the consents from SDC for the Disposal and/or the approval of the Shareholders, as further described below.
On or before 11 October 2013	S\$7,379,750 (representing 3.5% of the Consideration and being equivalent to approximately HK\$45.1 million), being the second deposit.
Upon Completion	S\$200,307,500 (being equivalent to approximately HK\$1,225.2 million) being the balance of the Consideration.

5. Termination by the Purchaser

The Purchaser may at any time terminate the Agreements on or before 11 October 2013 by giving a written notice to the Vendors and by doing so, the Vendors are entitled to forfeit the initial deposit accordingly.

6. Conditions precedent

The Lots were leased from SDC to the Vendors in 1988 for a term of 86 years and in 2004 for a term of 70 years, respectively. According to the leases entered into between SDC and the Vendors, consents from SDC are required for the Disposal. In addition, the Disposal is also subject to the approval of the Shareholders pursuant to the requirements under Chapter 14 of the Listing Rules. In the event that the parties fail to obtain consents from SDC or the approval of the Shareholders for the Disposal within 120 days from the payment date of the second deposit, the respective Vendor or the Purchaser may terminate the Agreements and the respective Vendor shall return both the initial and second deposits to the Purchaser without any interest. As at the Latest Practicable Date, the Company has obtained the written Shareholders' approval to the Disposal in accordance with Rule 14.44 of the Listing Rules with further details set out in the section below headed "Listing Rules Implication".

LETTER FROM THE BOARD

7. Completion

Completion of the Disposal shall take place on the latest of (a) the date falling 10 business days immediately following from and including the date the Vendors receive the SDC consents; (b) the date falling 10 business days immediately following from and including the date the Vendors receive the Shareholder's approval; or (c) the date falling 90 calendar days immediately following the payment date of the second deposit, but in any event the completion date shall not be later than 15 March 2014.

Completion of each Agreement is subject to and conditional upon the concurrent completion of the other Agreement.

REASONS FOR THE DISPOSAL

The hotel business in Sentosa Island remains competitive and the Company anticipates that the situation will become more acute in the coming years due to the opening of new hotels. Upon considering the current market situation and the offer received, the Directors are of the view that it is a good opportunity for the Company to realise its investment in the Property at an attractive return. The Disposal will increase the working capital of the Group and enhance its cashflow. The Directors believe that the terms of the Disposal are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

The net book value of the Property as at 31 March 2013 was approximately S\$102.3 million (equivalent to approximately HK\$625.7 million). The Consideration exceeds the net book value by approximately S\$108.6 million (equivalent to approximately HK\$664.0 million). It is expected that the Group will record a net profit after transaction cost of S\$12.7 million but before tax of approximately S\$95.9 million (equivalent to approximately HK\$586.6 million) from the Disposal. It is intended that the net proceeds from the Disposal will be used by the Group for pursuing investment opportunities in the property market if and when they arise in the future, and for the general working capital of the Group.

A hotel and its associated businesses, including a spa business, are presently conducted on the Property. The net profit before and after taxation and minority interest attributable to the Property amounted to approximately S\$2.7 million and S\$2.3 million respectively (equivalent to approximately HK\$16.4 million and HK\$14.2 million respectively) for the financial year ended 31 March 2012. The net profit before and after taxation and minority interest attributable to the Property amounted to approximately S\$2.8 million and S\$3.0 million (including tax reverse) respectively (equivalent to approximately HK\$17.4 million and HK\$18.5 million respectively) for the financial year ended 31 March 2013.

The financial effects to the Group upon completion of the Disposal are expected to be:

- (i) a decrease of non-current assets of approximately HK\$625.7 million, being the net book value of the Property;

LETTER FROM THE BOARD

- (ii) an increase of current assets of approximately HK\$1,212.3 million, being the net proceeds from the Disposal;
- (iii) no impact on the liabilities; and
- (iv) an increase in net earnings by approximately HK\$586.6 million, representing the net gain on the Disposal.

INFORMATION ON THE COMPANY, THE PURCHASER AND OTHERS

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.

Beaufort Sentosa Development Pte Ltd is a company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company. It holds two pieces of land of lot numbers 382K and 383N of Mukim 34 together with the buildings erected thereon in Singapore, and in which is currently operated a hotel called “The Sentosa Resort and Spa”.

Maxbright Pte. Ltd. is a company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company which holds a piece of land of lot number 1850C of Mukim 34 together with the buildings erected thereon in Singapore, being the location of a wellness and fitness centre.

The Purchaser is an investment holding company incorporated in Singapore.

SDC is a statutory board under the Ministry of Trade and Industry of Singapore which is responsible for overseeing the development, management and promotion of the Sentosa Island.

LISTING RULES IMPLICATION

Since one of the applicable percentage ratios under Rule 14.07 of the Listing Rules is more than 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules and is subject to reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquires, as none of the Shareholders has a direct or indirect material interest in the Disposal, no Shareholder would be required to abstain from voting were the Company to convene a general meeting for the approval of the Disposal. As such, the Disposal may be approved by written shareholders’ approval in accordance with Rule 14.44 of the Listing Rules. On 27 August 2013, the Major Shareholders, who together are the registered owners holding an aggregate of 692,486,763 ordinary shares, representing approximately 51.28% of the issued share capital of the Company as at the Latest Practicable Date, have granted their written approvals to the Company for the Disposal. The written shareholders’ approvals of the Major Shareholders are accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

LETTER FROM THE BOARD

GENERAL

Shareholders and investors should note that the Disposal is subject to the conditions precedent set out above and therefore the Disposal may or may not complete. The Purchaser also has a termination right as further described above. As such, Shareholders and investors are urged to exercise caution when dealing in the shares of the Company.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
CHA Mou Zing Victor
Deputy Chairman & Managing Director

1. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 August 2013, the Group had outstanding bank and other loans of approximately HK\$5,366.8 million.

As at 31 August 2013, the Group had outstanding unsecured advances from non-controlling shareholders of certain subsidiaries of the Company of approximately HK\$460.3 million, obligation under finance leases of approximately HK\$0.5 million, and unsecured club debentures in the aggregate nominal amount of HK\$864.6 million issued by certain subsidiaries of the Company.

As at 31 August 2013, a subsidiary of the Company had pledged all its assets with a carrying value of approximately HK\$5.6 million and subordinated the inter-company debt of HK\$34.5 million to secure banking facilities granted to that subsidiary. The outstanding secured bank loan of that banking facilities was approximately HK\$2.5 million.

As at 31 August 2013, the Group had also pledged bank deposits of approximately HK\$2.0 million to secure banking facilities granted to the Group.

As at 31 August 2013, the Group had contingent liabilities in other corporate guarantee on the Group's proportionate share to the extent of HK\$171.0 million given to a bank in respect of the banking facilities granted to an investee company under other non-current assets.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, as at the close of business on 31 August 2013, the Group did not have any loan capital issued and outstanding or agreed to be issued, any bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

2. WORKING CAPITAL

The directors of the Company are of the opinion that, taking into account the effect of the Disposal and the Group's present available financial resources, the Group will have sufficient working capital for its present requirements for at least 12 months from the date of this circular in the absence of unforeseen circumstances.

3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As disclosed in the annual report of the Group for the year ended 31 March 2013, the Group has achieved a net profit attributed to shareholders of HK\$998.3 million, compared with HK\$747.2 million for the last year. As at 31 March 2013, the shareholders' funds of the Group increased by HK\$1,002.1 million to HK\$15,497.9 million. The increase was attributable to an upward fair value revaluation of investment properties, disposal of certain investment properties and profit contribution from operating units.

The Group remains positive towards the property development and investment market in Hong Kong, the Mainland China and South East Asia. Upon Completion, the Group's financial and cash position can be further strengthened, and the Group will look for new investments promptly when opportunities arise. Up to the Latest Practicable Date, the Company had not entered into any agreement, nor had understanding, intention or negotiation regarding (a) acquisition of material assets or business and (b) disposal of material assets or business. As always, the Company will continue to adopt a proactive yet cautious approach in optimising its asset portfolio and pursuing business expansion while maintaining flexibility to cope with the ever changing business and economic environment.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of market value of the Property in Singapore as at 26 August 2013.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

15 October 2013

The Directors
HKR International Limited
23/F, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Dear Sirs,

RE: THE SENTOSA RESORT AND SPA, 2 BUKIT MANIS ROAD, SINGAPORE 099891

Instructions, Purpose & Date of Valuation

In accordance with the instruction of HKR International Limited (the “Company”) for us to carry out market valuation of The Sentosa Resort and Spa, 2 Bukit Manis Road, Singapore 099891 (the “Property”) located in Singapore, we confirm that we have carried out site inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 26 August 2013 (the “date of valuation”).

Definition of Market Value

Our valuation of the Property represents its market value which in accordance with the HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion”.

Valuation Basis and Assumptions

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Methods of Valuation

In valuing the Property which is a hotel in operation, we have adopted the Direct Comparison Approach by making reference to comparable sales transactions as available in the market and the Discounted Cash Flow Method (“DCF”). We have assumed that all relevant statutory and/or mandatory permissions, permits, approvals and licences which are necessary for hotel operation have been obtained.

In valuing the Property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institutes of Surveyors.

Source of Information

We have relied to a very considerable extent on the information given by the Company. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of Property, particulars of occupancy, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

Title Investigation

We have not been provided with copies of the title documents relating to the Property but have caused searches to be made at the Singapore Land Authority. However, we have not searched the original documents to verify ownership or to ascertain any amendments to any documents. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Site Inspection

Our valuer, Ms. Carolyn Teo who is a member of the Singapore Institute of Surveyors and Valuers, has inspected the exterior and interior of the Property on 21 August 2013. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not able to report whether the Property is free of rot, infestation and any other structural defects; no tests were carried out to any of the services.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuation are in Singapore Dollars (“S\$”), the official currency of the Republic of Singapore.

We attach herewith the valuation certificate.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
K. B. Wong
Registered Professional Surveyor
(General Practice)
MHKIS, MRICS
Senior Director, Valuation & Advisory Services

Note: Mr. K B Wong is a Registered Professional Surveyor (General Practice) who has extensive experience in valuation of properties in Hong Kong, Singapore and many Southeast Asian countries.

VALUATION CERTIFICATE

Property held by the Company for owner occupation in Singapore

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 26 August 2013																		
The Sentosa Resort and Spa, 2 Bukit Manis Road, Singapore 099891	<p>The Sentosa Resort and Spa comprises a hotel, a wellness centre (known as Seven Eden Wellness Centre) and a spa (known as Spa Botanica). The Temporary Occupation Permit for the main building was obtained on 12 November 1991.</p> <p>The Property is held under Lots 382K and 383N, Mukim (MK) 34 (being the location of The Sentosa Resort and Spa) for a lease term of 86 years commencing from 1 February 1988 and Lot 1850C MK 34 (being the location of the wellness and fitness centre) for a lease term of 70 years commencing from 1 February 2004.</p> <p>The total site area is 107,965.2 sq.m. (approximately 1,162,137 sq. ft.)</p> <p>The current gross floor area of the Property is 28,988 sq.m. (approximately 312,027 sq. ft.)</p> <p>The hotel accommodates a total of 215 guest rooms with other ancillary facilities such as meeting and conference rooms, ballrooms, restaurants and lounge. The Property is also equipped with back-of-house facilities.</p> <p>The guest room configuration is detailed as follows:</p>	The Property is an operating hotel under the management of a subsidiary of the Company.	S\$174,000,000																		
	<table border="1"> <thead> <tr> <th data-bbox="491 1491 619 1519">Room Type</th> <th data-bbox="847 1464 951 1519">Number of Rooms</th> </tr> </thead> <tbody> <tr> <td data-bbox="491 1555 639 1583">Deluxe Room</td> <td data-bbox="911 1555 951 1583">174</td> </tr> <tr> <td data-bbox="491 1587 624 1615">Junior Suite</td> <td data-bbox="935 1587 951 1615">9</td> </tr> <tr> <td data-bbox="491 1619 632 1647">Family Suite</td> <td data-bbox="935 1619 951 1647">3</td> </tr> <tr> <td data-bbox="491 1651 639 1678">Premier Suite</td> <td data-bbox="935 1651 951 1678">7</td> </tr> <tr> <td data-bbox="491 1683 632 1710">Deluxe Suite</td> <td data-bbox="919 1683 951 1710">17</td> </tr> <tr> <td data-bbox="491 1715 647 1742">Beaufort Suite</td> <td data-bbox="935 1715 951 1742">1</td> </tr> <tr> <td data-bbox="491 1747 632 1774">Garden Villa</td> <td data-bbox="935 1747 951 1774">4</td> </tr> <tr> <td data-bbox="491 1821 555 1849">Total:</td> <td data-bbox="903 1821 951 1849"><u>215</u></td> </tr> </tbody> </table>	Room Type	Number of Rooms	Deluxe Room	174	Junior Suite	9	Family Suite	3	Premier Suite	7	Deluxe Suite	17	Beaufort Suite	1	Garden Villa	4	Total:	<u>215</u>		
Room Type	Number of Rooms																				
Deluxe Room	174																				
Junior Suite	9																				
Family Suite	3																				
Premier Suite	7																				
Deluxe Suite	17																				
Beaufort Suite	1																				
Garden Villa	4																				
Total:	<u>215</u>																				

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 26 August 2013
	The food and beverage outlets are detailed as follows:		
	Name	Level	
	The Cliff (Contemporary cuisine) – closed for renovation till September 2013	1st	
	The Pavilion (High Tea, cocktails & snacks)	1st	
	The Garden (Contemporary cuisine)	1st	
	The Terrace (Asian and western cuisine)	1st	
	The conference, meeting and banquet facilities are detailed as follows:		
	The Beaufort Ballroom		
	Beaufort I		
	Beaufort II		
	The Straits Ballroom		
	Straits I		
	Straits II		
	Straits Verandah		
	Cinnamon Room		
	Ginger Room		
	Ginger I		
	Ginger II		
	Spice Island Point		
	Nutmeg Room		
	Nutmeg I		
	Nutmeg II		
	Kusu Room		
	Kusu I		
	Kusu II		
	Seking Room		
	Sarong Room		
	Sarong I		
	Sarong II		
	Sarong III		
	Sarong IV		

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 26 August 2013
	<p>The Property also provides sports and recreational facilities including outdoor swimming pool, mountain bikes and tennis courts.</p> <p>The Spa Botanica consists of 15 indoor and 6 outdoor treatment rooms, mud pools and float pools with cascading waterfall and meditation labyrinths, jacuzzi and hair & nail spa salon.</p> <p>The Seven Eden Wellness Centre comprises a gymnasium and a studio.</p>		

Notes:

(1) The registered lessor and lessee for Lots MK34-382K and MK34-383N are Sentosa Development Corporation (SDC) and Beaufort Sentosa Development Pte Ltd respectively, while the registered lessor and lessee for Lot MK34-1850C are SDC and Maxbright Pte. Ltd. respectively.

(2) Under the Master Plan Zoning 2008, Lots MK34-382K and MK34-383N are zoned 'Hotel', while Lot MK34-1850C is zoned 'Sports and Recreation'.

(3) The authorised use of Lots MK34-382K and MK34-383N is for the purpose of and as a resort hotel with ancillary facilities, while that of Lot MK34-1850C is for spa and lifestyle uses in relation to/as a complement to the operations of The Sentosa Resort and Spa and including other administrative purposes for the staff of the hotel as required.

(4) Guaranteed annual payment to SDC is S\$720,000 or 5% of the total gross revenue received by the lessee in the financial year, whichever is the higher.

(5) Key assumptions of our 10-year DCF analysis are set out below:

Average Daily Rate (ADR)	:	1st year S\$300 per room
ADR growth rate	:	3% per annum
Occupancy rate	:	1st year 73%
Discount rate	:	7%
Terminal capitalisation rate	:	4.5%

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' Interests

As at the Latest Practicable Date, the interests and short positions, if any, of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) The Company

Long positions in shares of HK\$0.25 each

Name of director	Capacity	Number of Ordinary Shares				Total	Approximate percentage of issued share capital
		Personal Interests	Family Interests	Corporate interests	Other interests		
Payson CHA	Beneficial owner, interests of a controlled corporation and beneficiary of discretionary trusts	3,113,113	-	16,867,074 <i>(Note a)</i>	618,895,387 <i>(Note b)</i>	638,875,574	47.31
Victor CHA	Beneficial owner and beneficiary of discretionary trusts	1,140,253	-	-	629,498,383 <i>(Note b)</i>	630,638,636	46.70
Johnson CHA	Beneficiary of discretionary trusts	-	-	-	628,200,885 <i>(Note b)</i>	628,200,885	46.52

Name of director	Capacity	Number of Ordinary Shares				Total	Approximate percentage of issued share capital
		Personal Interests	Family Interests	Corporate interests	Other interests		
Madeline WONG	Founder and/or beneficiary of discretionary trusts	–	–	–	627,487,463 <i>(Notes c & d)</i>	627,487,463	46.47
Ronald ARCULLI	Beneficiary of a trust	241,472	–	–	–	241,472	0.02
Abraham CHUNG	Beneficial owner	315,084	–	–	–	315,084	0.02
Loretta HO	Beneficial owner	85,600	–	–	–	85,600	0.01
TANG Moon Wah	Beneficial owner	135,200	–	–	–	135,200	0.01

(ii) *Associated corporation – Hanison Construction Holdings Limited*

Long positions in shares of HK\$0.10 each

Name of director	Capacity	Number of Ordinary Shares				Total	Approximate percentage of issued share capital
		Personal Interests	Family Interests	Corporate interests	Other interests		
Payson CHA	Beneficial owner, interests of a controlled corporation and beneficiary of discretionary trusts	735,712	–	3,574,272 <i>(Note a)</i>	115,666,069 <i>(Note b)</i>	119,976,053	22.37
Victor CHA	Beneficial owner and beneficiary of discretionary trusts	179,669	–	–	117,865,220 <i>(Note b)</i>	118,044,889	22.01
Johnson CHA	Beneficiary of discretionary trusts	–	–	–	117,865,219 <i>(Note b)</i>	117,865,219	21.98
Madeline WONG	Founder and/or beneficiary of discretionary trusts	–	–	–	117,696,615 <i>(Notes e & f)</i>	117,696,615	21.95
Ronald ARCULLI	Beneficiary of a trust	58,000	–	–	–	58,000	0.01
Abraham CHUNG	Beneficial owner	63,819	–	–	–	63,819	0.01
Loretta HO	Beneficial owner	12,859	–	–	–	12,859	0.002

Notes:

(a) The shares were held by Accomplished Investments Limited, a corporation 100% owned by Mr Payson CHA.

(b) The shares belonged to certain but not identical discretionary trusts of which CCM Trust (Cayman) Limited (“CCM Trust”) and LBJ Regents Limited (“LBJ Regents”) were the corporate trustees and the relevant Directors were among the members of the classes of discretionary beneficiaries.

(c) 577,842,756 shares belonged to certain but not identical discretionary trusts of which CCM Trust and LBJ Regents were the corporate trustees and the Director was among the members of the classes of discretionary beneficiaries.

(d) The Director was, under two separate discretionary trusts of which CCM Trust and LBJ Regents were corporate trustees, the founder and member of the classes of discretionary beneficiaries thereof. Such trusts were deemed to be interested in 49,644,707 shares in aggregate.

(e) 115,666,069 shares belonged to certain but not identical discretionary trusts of which CCM Trust and LBJ Regents were the corporate trustees and the Director was among the members of the classes of discretionary beneficiaries.

(f) The Director was, under another discretionary trust of which LBJ Regents was the corporate trustee, the founder and member of the classes of discretionary beneficiaries thereof. Such trust was deemed to be interested in 2,030,546 shares.

Save as disclosed above and for certain Directors holding non-beneficial interests in the share capital of some of the subsidiaries of the Company as the nominee shareholders, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company and their respective associates held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' Interests

So far as is known to each Director or the chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a Director or the chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(i) The Company

Long positions in shares of HK\$0.25 each

Name of shareholder	Capacity	Number of ordinary shares	Approximate percentage of issued share capital
CCM Trust (Cayman) Limited	Corporate trustee	560,153,905 <i>(Note a)</i>	41.48
LBJ Regents Limited	Corporate trustee	91,894,801 <i>(Note b)</i>	6.81
Invesco Hong Kong Limited	Investment manager/ advisor of various accounts	95,032,578 <i>(Note c)</i>	7.04

Notes:

(a) 560,153,905 shares were held by CCM Trust as 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. Mr Payson CHA and Ms Madeline WONG, being Directors, are also directors of CCM Trust.

(b) 91,894,801 shares were held by LBJ Regents as 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. Mr Payson CHA, Mr Johnson CHA and Ms Madeline WONG, being Directors, are also directors of LBJ Regents.

(c) 95,032,578 shares were held by Invesco Hong Kong Limited as investment manager and/or advisor of various accounts.

(ii) Other members of the Group

Name of subsidiary	Name of shareholder	Approximate percentage of issued share capital held in the subsidiary
Allmedco Group Limited <i>(Note a)</i>	LEE Wing Sum Savio	20.00
上海瑞安腫瘤診所有限公司	上海交通大學醫學院 附屬瑞金醫院	30.00
Health & Care Group Limited <i>(Note b)</i>	SIN Chung Yin Ronald CHU Kai Yu	24.05 12.02
Hong Kong Resort Company Limited <i>(Note c)</i>	Baylink Investments Limited	50.00
Partner Ally Limited	Sumirin Hong Kong Limited	25.00
Qualigenics Medical Limited	The Chinese University of Hong Kong Foundation Limited	20.00

Notes:

(a) Allmedco Group Limited is a 80%-owned subsidiary of Health & Care Group Limited which is a 57%-owned subsidiary of the Company.

(b) Health & Care Group Limited is a holding company of 7 wholly-owned subsidiaries all of which Dr SIN Chung Yin Ronald and Dr CHU Kai Yu are deemed to have the respective interests therein as in Health & Care Group Limited.

(c) Hong Kong Resort Company Limited is a holding company of 22 wholly-owned subsidiaries all of which Baylink Investments Limited is deemed to have a 50% indirect interest therein.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company was aware of any other person, other than a Director or the chief executive of the Company, who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. DIRECTORS' INTERESTS

(a) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

(b) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have, since 31 March 2013 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

(c) None of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of the Group.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, the interests of the Directors in businesses (apart from the Group's businesses) which compete or were likely to compete, either directly or indirectly, with the principal businesses of the Group as required to be disclosed pursuant to the Listing Rules were as follows:

(a) The Honourable Ronald ARCULLI is an independent non-executive director ("INED") of Hang Lung Properties Limited ("HLP") and also the non-executive director ("NED") of Hutchison Harbour Ring Limited ("HHR"), Sino Hotels (Holdings) Limited ("SHH"), Sino Land Company Limited ("SLC") and Tsim Sha Tsui Properties Limited ("TSTP"). The businesses of HLP, HHR, SHH, SLC and TSTP involve at least some of property investment, property development, property management and hotel management and ownership. HLP, HHR, SHH, SLC and TSTP are all listed on the Stock Exchange.

(b) Mr Payson CHA is the chairman and NED of Hanison Construction Holdings Limited ("Hanison") and INED of each of New World Development Company Limited ("NWD"), Eagle Asset Management (CP) Limited ("EAM") being manager of Champion Real Estate Investment Trust ("CREIT") and Hongkong International Theme Parks Limited ("HITP") being owner and operator of Hong Kong Disneyland Resort. The businesses of Hanison, NWD, EAM, CREIT and HITP involve at least some of property investment, property development, property management, healthcare services and hotel management and ownership. Hanison, NWD and CREIT are all listed on the Stock Exchange.

(c) Mr Victor CHA is an INED of SOHO China Limited ("SOHO") and the alternate to Mr Payson CHA, an INED of NWD. The businesses of SOHO and NWD involve at least some of property investment, property development, property management and hotel management and ownership. SOHO and NWD are both listed on the Stock Exchange.

(d) Mr Johnson CHA is NED of Hanison whose group's businesses consist of property investment, property development, property management and healthcare services. Hanison is listed on the Stock Exchange.

(e) Ms Madeline WONG is a NED of Chinney Investments, Limited ("Chinney") and Hon Kwok Land Investment Company, Limited ("HKLI") whose groups' businesses consist of property development, property investment, property management and hotel management and ownership. Chinney and HKLI are both listed on the Stock Exchange.

5. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or administrative proceedings of material importance and no litigation, arbitration, administrative proceedings or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. QUALIFICATION AND CONSENT OF EXPERT

(a) The following is the qualification of the expert who has given an opinion or advice which is contained in this circular:

Name	Qualification
DTZ Debenham Tie Leung Limited	Independent Property Valuer

(b) As at the Latest Practicable Date, DTZ Debenham Tie Leung Limited did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) As at the Latest Practicable Date, DTZ Debenham Tie Leung Limited did not have any interest, direct or indirect, in any assets which have been, since 31 March 2013 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

(d) DTZ Debenham Tie Leung Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name included herein in the form and context in which it appears.

7. MATERIAL CONTRACTS

Save as disclosed above in the Agreements, none of the members of the Group had within the two years immediately preceding the date of this circular entered into any contract (not being contracts entered into in the ordinary course of business of the Group) which are or may be material.

8. MISCELLANEOUS

(a) The secretary of the Company is Ms Mak Sau Ching. She is an associate member of both The Institute of Chartered Secretaries and Administrators in United Kingdom and The Hong Kong Institute of Chartered Secretaries.

(b) The registered office of the Company is at P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

(c) The principal place of business of the Company in Hong Kong is at 23/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at 23/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, during normal business hours on any business day from the date of this circular until 14 days hereafter:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the section headed “Material Contracts” in this appendix;
- (c) the property valuation report from DTZ Debenham Tie Leung Limited, the text of which is set out in this circular;
- (d) the written consent referred to in the paragraph headed “Qualification and Consent of Expert” in this appendix;
- (e) the annual reports of the Company for the two years ended 31 March 2012 and 31 March 2013; and
- (f) the circulars issued by the Company since 31 March 2013, the date to which the latest published audited accounts of the Group were made up.