
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 and the enclosed form of proxy to the purchaser or 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 LTD.
香港興業國際集團

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)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL
OF AN INTEREST IN 151 HOLLYWOOD ROAD,
(2) RE-ELECTION OF A DIRECTOR
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the Independent Board Committee (as herein defined) containing its advice and recommendation to the Independent Shareholders (as herein defined) is set out on pages 19 to 20 of this circular. A letter from Donvex Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 21 to 30 of this circular.

A notice convening the EGM (as herein defined) to be held at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 19 May 2015 at 10:30 a.m. is set out on pages 44 to 46 of this circular and a form of proxy is also enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Investor Centre of the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. **Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.**

24 April 2015

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

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DEFINITIONS

In this circular and the appendices to it, unless the context otherwise requires, the following terms and expressions have the following meanings:

“Articles”	amended articles of association of the Company adopted on 3 September 2009
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong are open for general business and excludes Saturdays, Sundays, public holidays in Hong Kong and any day on which a tropical cyclone warning signal no. 8 or above is issued or remains issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. or on which a “black rainstorm” warning signal is issued or remains issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“CCM Trust”	CCM Trust (Cayman) Limited, a company incorporated in the Cayman Islands with limited liability and the corporate trustee of certain but not identical discretionary trusts of which members of the CHA Family are among the discretionary objects
“CHA Family”	a group of persons comprising, <i>inter alia</i> , Mr CHA Mou Sing Payson, Mr CHA Mou Zing Victor, Mr CHA Mou Daid Johnson and Ms WONG CHA May Lung Madeline, being Directors
“close associates”	has the meaning as ascribed to it under the Listing Rules
“Company” or “HKRI”	HKR International Limited (stock code: 00480), a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Conditions Precedent”	the conditions precedent to Completion
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules

DEFINITIONS

“Deed of Assignment”	the deed of assignment in respect of the Sale Loans to be entered into by Vendor A, Vendor B, the Purchaser and Superior Choice upon Completion
“Director(s)”	director(s) of the Company from time to time
“Disposal”	the disposal of the Sale Shares and the assignment of the Sale Loans pursuant to the Sale and Purchase Agreement
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder) and any adjournment thereof
“Excel Pointer”	Excel Pointer Limited, a company incorporated in Hong Kong with limited liability and is an indirect non-wholly owned subsidiary of both Hanison and the Company as at the Latest Practicable Date
“Group”	the Company and its subsidiaries (including Hanison and its subsidiaries) from time to time
“Guarantor”	Mingly Corporation, a company incorporated in the Cayman Islands with limited liability and is an indirect majority owned subsidiary of CCM Trust
“Hanison”	Hanison Construction Holdings Limited (stock code: 00896), a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange, and is a 49%-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising Dr CHENG Kar Shun Henry, Mr CHEUNG Wing Lam Linus, Ms HO Pak Ching Loretta and Mr TANG Kwai Chang, independent non-executive directors of the Company, established for the purpose of advising the Independent Shareholders on the fairness and reasonableness of the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder) so far as the Independent Shareholders are concerned
“Independent Financial Adviser” or “Donvex”	Donvex Capital Limited, a corporation licensed under the SFO to carry on type 6 (advising on corporate finance) regulated activities and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder)
“Independent Shareholders”	the independent shareholders of the Company excluding, for all purposes in connection with the approval of the Disposal, CCM Trust, the CHA Family and their respective close associates
“Latest Practicable Date”	21 April 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4 months from the date of the Sale and Purchase Agreement

DEFINITIONS

“Property”	all those pieces or parcels of ground registered in the Land Registry as The Remaining Portion of Sub-section 1 of Section E of Inland Lot No.853, The Remaining Portion of Sub-section 2 of Section E of Inland Lot No.853 and The Remaining Portion of Section E of Inland Lot No.853 together with the messuages, erections and buildings thereon (No.151 Hollywood Road, Hong Kong)
“Purchaser”	Jinshang International Investment Company Limited, a company incorporated in the British Virgin Islands with limited liability
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 March 2015 entered into between Vendor A, Vendor B, the Guarantor and the Purchaser in respect of the Disposal
“Sale Loans”	Shareholder Loan A and Shareholder Loan B
“Sale Share A”	6 issued and fully paid up shares of Superior Choice, representing 60% of the entire issued share capital of Superior Choice, being registered and beneficially owned by Vendor A
“Sale Share B”	4 issued and fully paid up shares of Superior Choice, representing 40% of the entire issued share capital of Superior Choice, being registered and beneficially owned by Vendor B
“Sale Shares”	Sale Share A and Sale Share B
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholder Loan A”	unsecured interest-free loan provided by Vendor A to Superior Choice and remains outstanding at Completion

DEFINITIONS

“Shareholder Loan B”	unsecured interest-free loan provided by Vendor B to Superior Choice and remains outstanding at Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Superior Choice”	Superior Choice Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect non-wholly owned subsidiary of both Hanison and the Company as at the Latest Practicable Date
“subsidiary(ies)”	has the meaning as ascribed to it under the Listing Rules
“Target Companies”	Superior Choice and Excel Pointer
“Tax Deed”	the tax deed to be entered into by Vendor A, Vendor B, the Guarantor, the Purchaser and Excel Pointer upon Completion
“Vendor A”	Hanison Construction Holdings (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability
“Vendor B”	Sky Champion International Limited, a company incorporated in the British Virgin Islands with limited liability
“Vendors”	Vendor A and Vendor B
“%”	per cent

LETTER FROM THE BOARD

HKR

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(Incorporated in the Cayman Islands with limited liability)

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Directors:

Mr CHA Mou Sing Payson (*Chairman*)
Mr CHA Mou Zing Victor
(Deputy Chairman and 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^Δ
Mr CHEUNG Wing Lam Linus^Δ
Ms HO Pak Ching Loretta^Δ
Mr TANG Kwai Chang^Δ

Registered Office:

P.O. Box 309
Ugland House
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

^Δ Independent Non-executive Directors

24 April 2015

To the Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL
OF AN INTEREST IN 151 HOLLYWOOD ROAD,
(2) RE-ELECTION OF DIRECTOR
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the joint announcements of the Company and Hanison dated 19 March 2015 and 2 April 2015 in relation to the Disposal. On 19 March 2015 (after trading hours of the Stock Exchange), Vendor A, a wholly owned subsidiary of Hanison

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LETTER FROM THE BOARD

and indirect non-wholly owned subsidiary of the Company, Vendor B, an indirect majority owned subsidiary of the Guarantor, and the Guarantor entered into the Sale and Purchase Agreement with the Purchaser. Pursuant to the Sale and Purchase Agreement, (a) Vendor A has conditionally agreed to sell the Sale Share A and to assign the Shareholder Loan A; (b) Vendor B has conditionally agreed to sell the Sale Share B and to assign the Shareholder Loan B, at a total cash consideration of HK\$550 million (subject to adjustment, if any), to be divided in the proportion of 60:40 for Vendor A and Vendor B respectively; (c) the Guarantor has agreed to guarantee the performance by Vendor B of its obligations under the Sale and Purchase Agreement; and (d) the Purchaser has conditionally agreed to purchase the Sale Shares and to accept the assignment of the Sale Loans.

The purpose of this circular is to provide you with (a) details of the Disposal; (b) the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser; and (c) notice of the EGM thereof. As a separate and unrelated business to be conducted at the EGM, one of the Company's independent non-executive directors who has to retire and will seek re-election in accordance with the provisions set out in the Articles and further details of that matter are also included in this circular.

SALE AND PURCHASE AGREEMENT

Date:

19 March 2015

Parties:

- (a) Hanison Construction Holdings (BVI) Limited, an indirect non-wholly owned subsidiary of the Company (as Vendor A)
- (b) Sky Champion International Limited, an indirect majority owned subsidiary of the Guarantor (as Vendor B)
- (c) Mingly Corporation (as the Guarantor)
- (d) Jinshang International Investment Company Limited (as the Purchaser)

Vendor B is an indirect majority owned subsidiary of the Guarantor which is in turn indirectly majority owned by CCM Trust. CCM Trust (as the trustee of certain but not identical discretionary trusts of which members of the CHA Family are among the discretionary objects) is a substantial shareholder and connected person of the Company with approximately 41.48% direct and indirect shareholding interest in the Company. Vendor B is, therefore, a connected person so far as the Company is concerned.

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Subject of the Disposal

Pursuant to the Sale and Purchase Agreement, (a) Vendor A has conditionally agreed to sell the Sale Share A and to assign the Shareholder Loan A; (b) Vendor B has conditionally agreed to sell the Sale Share B and to assign the Shareholder Loan B, at a total cash consideration of HK\$550 million (subject to adjustment, if any), to be divided in the proportion of 60:40 for Vendor A and Vendor B respectively; (c) the Guarantor has agreed to guarantee the performance by Vendor B of its obligations under the Sale and Purchase Agreement; and (d) the Purchaser has conditionally agreed to purchase the Sale Shares and to accept the assignment of the Sale Loans.

Vendor A and Vendor B own 60% and 40% of Superior Choice respectively. The Sale Shares represent the entire issued share capital of Superior Choice and the Sale Loans (advanced in the same pro rata proportions) represent all outstanding principal amounts of the shareholders' loans owing by Superior Choice to the Vendors as at the date of Completion.

The Consideration

The consideration of HK\$550 million for the Sale Shares and the Sale Loans has been/ shall be paid in cash in the following manner:

- (a) 5% of the consideration, being the initial deposit, upon signing of the Sale and Purchase Agreement, to the Vendors' solicitors as stakeholder, who shall release the same to the respective Vendors upon fulfillment of the Conditions Precedent;
- (b) 5% of the consideration being the further deposit to the respective Vendors upon completion of the due diligence investigation; and
- (c) balance of the consideration to the respective Vendors on Completion.

Out of the consideration, a sum equal to the principal amount of the Shareholder Loan A and the Shareholder Loan B outstanding on the date of Completion shall be the consideration on a dollar for dollar basis for the Shareholder Loan A and the Shareholder Loan B respectively. As at 28 February 2015, the principal amount outstanding of the Shareholder Loan A and the Shareholder Loan B was approximately HK\$114.4 million and HK\$76.2 million respectively.

LETTER FROM THE BOARD

The consideration is subject to Completion adjustment by the difference in net current asset value as at the date of Completion based on draft consolidated completion accounts of Superior Choice and post-Completion adjustment by the difference in net current asset value as at the date of Completion based on audited consolidated completion accounts of Superior Choice to be delivered by the Vendors to the Purchaser within 60 days from the date of Completion.

In settling on the consideration of HK\$550 million, the Vendors appointed DTZ Debenham Tie Leung Limited, an independent professional valuer, to conduct a property valuation of the Property, under which the market value of the Property as at 2 March 2015 was determined to be HK\$550 million. In valuing the Property at HK\$550 million, DTZ Debenham Tie Leung Limited adopted an investment approach by taking into account the current rents passing and the reversionary income potential of the tenancies and, wherever appropriate, the direct comparison approach, by making reference to comparable sale evidence as available in the relevant market. The leased portion of the Property is currently let at a monthly rental of approximately HK\$750,000.

Conditions Precedent

Completion is conditional upon the following Conditions Precedent being satisfied (or waived, where applicable) on or before the Long Stop Date:

- (a) the obtaining of approval from the shareholders or independent shareholders of Hanison (which, for these purposes, is being treated by Hanison as extending to the approval of the Independent Shareholders) on the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules;
- (b) the Purchaser being reasonably satisfied in material respects with its due diligence investigation in respect of the Target Companies, including but not limited to the investigation as to the legal, tax and financial status and compliance of all relevant legislation applicable to the Target Companies, and the condition of the Property and that Excel Pointer has good title to the Property; and
- (c) from the date of the Sale and Purchase Agreement, there not being any change or event that has had or could reasonably be expected to have a material adverse effect on the business, assets, properties, liabilities, condition (financial or otherwise), operating results, operations or business prospects of the Target Companies.

LETTER FROM THE BOARD

The Purchaser may waive any of the Conditions Precedent, save and except Condition Precedent (a) above. The parties must use their respective reasonable endeavours to procure that the above Conditions Precedent are fulfilled. If the Conditions Precedent are not fulfilled or waived (if applicable) on or before the Long Stop Date, the obligations of the parties under the Sale and Purchase Agreement will forthwith cease and terminate and neither party will have any claim against the other party, save as to any antecedent breach. Condition Precedent (c) above will at all times remain to be a Condition Precedent for Completion unless it has been waived by the Purchaser.

The due diligence investigation to be conducted under Condition Precedent (b) above must be completed within 2 months after the date documents and information are first requested (done within 5 Business Days after the date of the Sale and Purchase Agreement, i.e. on or before 26 May 2015) by the Purchaser or its appointed advisers and the Purchaser must issue a notice in writing to the Vendors confirming whether it is satisfied with or has elected to waive (as the case may be) the Condition Precedent (b) above upon expiration of the 2 months period.

Guarantee

The Guarantor has agreed to guarantee as primary obligor the performance by Vendor B of its obligations under the Sale and Purchase Agreement. The guarantee does not extend to the obligations of Vendor A.

Completion

Completion will take place on the 14th Business Day following the day on which all of the Conditions Precedent have been satisfied or waived.

DEED OF ASSIGNMENT

The Deed of Assignment will be entered into by the parties upon Completion.

Parties:

- (a) Vendor A (as assignor)
- (b) Vendor B (as assignor)
- (c) Purchaser (as assignee)
- (d) Superior Choice (consenting the assignment)

LETTER FROM THE BOARD

Principal terms of the Deed of Assignment:

Pursuant to the Deed of Assignment, Vendor A and Vendor B, as the respective legal and beneficial owners, shall assign to the Purchaser all rights and interests in the Shareholder Loan A and the Shareholder Loan B respectively, which will represent all then outstanding loans due and owing to Vendor A and Vendor B by Superior Choice.

TAX DEED

The Tax Deed will be entered into by the parties upon Completion.

Parties:

- (a) Vendor A (as covenantor)
- (b) Vendor B (as covenantor)
- (c) Guarantor (as guarantor for Vendor B)
- (d) Purchaser (as beneficiary)
- (e) Excel Pointer (as beneficiary)

Principal terms of the Tax Deed:

Pursuant to the Tax Deed, Vendor A will undertake as to 60%, and Vendor B and the Guarantor shall undertake jointly and severally as to 40%, to indemnify the Purchaser and Excel Pointer against any claim for liability to taxation that relates to matters arising prior to Completion, whether made against any of the Target Companies before or after the date of Completion.

INFORMATION OF THE TARGET COMPANIES AND THE PROPERTY

Superior Choice is an investment holding company, and its principal asset is the 100% equity interest in Excel Pointer which is the legal and beneficial owner of the Property.

The Property is a 26-storey commercial building situated at No.151 Hollywood Road, Hong Kong and has an aggregate gross floor area of approximately 32,728 square feet. The Property is sold subject to tenancies.

Superior Choice is owned as to 60% by Hanison. Hanison is owned as to 49% by the Company, but is accounted for as a subsidiary of the Company. The effect of this is that Superior Choice is treated as an indirect non-wholly owned subsidiary of the Company.

LETTER FROM THE BOARD

Set out below is unaudited consolidated financial information of the Target Companies for the years ended 31 March 2013 and 2014:

	For the year ended 31 March	
	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net (loss)/profit before taxation and extraordinary items	(7,623)	21,589
Net (loss)/profit after taxation and extraordinary items	(7,699)	20,796

The major reason attributable to the change in the unaudited consolidated financial information of the Target Companies from a net loss before and after taxation and extraordinary items for the year ended 31 March 2013 to a net profit before and after taxation and extraordinary items for the year ended 31 March 2014 was due to the change in fair value of the Property over the period of the two financial years.

The unaudited consolidated net asset value of the Target Companies as at 28 February 2015 is approximately HK\$54.2 million.

The Property was acquired by Hanison, through Excel Pointer, on 30 November 2012 and 40% of the issued share capital and the then outstanding shareholder's loan of Excel Pointer was subsequently sold and assigned to Vendor B on 17 December 2012. At the time of the acquisition, the sale and the assignment, as described above, it was the case that Hanison was not accounted for as a subsidiary of the Company. This situation only arose with effect from the financial year that commenced on 1 April 2013, following the adoption of the Hong Kong Financial Reporting Standard 10.

Upon Completion, the Target Companies will cease to be subsidiaries of the Company, and their financial results will cease to be consolidated in the consolidated accounts of the Company.

INFORMATION OF THE COMPANY, HANISON AND VENDOR A

The Company is an investment holding company incorporated in the Cayman Islands, the securities of which are listed on the Stock Exchange. The Group (for this purpose, excluding Hanison group) is principally engaged in property development, property investment, property management and related services, hospitality businesses and healthcare services. Hanison is an indirect non-wholly owned subsidiary of the Company, with the Company owning a 49% interest therein.

The principal business activity of Hanison is investment holding. Its subsidiaries are principally engaged in construction, interior and renovation works, supply and installation of building materials, property investment, property development, provision of property agency and management services and sale of health products. Vendor A is a wholly owned subsidiary of Hanison incorporated in the British Virgin Islands and directly and indirectly holds a 60% equity interest in the Target Companies.

LETTER FROM THE BOARD

INFORMATION OF VENDOR B AND THE GUARANTOR

The principal business activity of Vendor B is investment holding. Vendor B is an indirect majority owned subsidiary of the Guarantor, which is in turn indirectly majority owned by CCM Trust and indirectly holds a 40% equity interest in the Target Companies. The Guarantor is a company incorporated in the Cayman Islands, the principal activity of which is investment holding.

Given that CCM Trust is a substantial shareholder of the Company, it is the case that Vendor B and the Guarantor, as CCM Trust's close associates, are treated as connected persons of the Company.

INFORMATION OF THE PURCHASER

The principal business activity of the Purchaser is investment holding and it is a company incorporated in the British Virgin Islands.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE PROPOSED USE OF PROCEEDS

The Disposal has been instigated and driven by Hanison, in its capacity as an independently managed and separately listed company. It happens to be the case that, for accounting reasons, it is treated as a subsidiary of the Company.

Hanison's directors have expressed their views that the current market price of the Property represents a good opportunity for the Hanison group to unlock the value of the Property and the Disposal will enable Hanison to reallocate capital into future investment opportunities and pursue other growth opportunities.

The Directors concur with these views and are of their own views that a divestment by Hanison of its interest in the Property is also in the best interests of the Company on the basis that what is good for the Company's subsidiary (Hanison) is also good for the Company. Of specific relevance and interest to the Company is that Hanison will be able to generate general working capital for its purposes without reference to (or needing to access capital from) the Company.

Hanison has confirmed that it intends to apply the net proceeds (in respect of its proportion of 60% equity interest in the Target Companies) from the Disposal to repay bank loans and as general working capital, available to finance a possible property investment project and/or other business investments of Hanison.

The net proceeds are intended to be applied as follows: 27% to be used for repayment of bank loans and the remaining 73% to be used as general working capital to finance the possible acquisition of companies holding a 25-storey serviced residence building located

LETTER FROM THE BOARD

at 111 High Street, Hong Kong which details are set out in the announcement of Hanison dated 30 March 2015. Hanison has confirmed that the aforementioned applications of the net proceeds are expected to be utilised during the financial year ending 31 March 2016.

Accordingly, the Directors (excluding Mr Payson CHA, Mr Victor CHA, Mr Johnson CHA and Ms Madeline WONG who, as applicable, have abstained from voting on the relevant board resolutions due to their deemed interest in the Disposal) consider that the Disposal and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Earnings

As set out in the section headed “The Consideration”, the Property is subject to, and sold with the benefit of, subsisting tenancies. The monthly rental of such tenancies is approximately HK\$750,000 (inclusive of management fee, Government rent and rates for all the units and utilities (with electricity for up to certain limit), as appropriate, and cleaning for all units except for those on roof floor). Upon Completion, the Company will, indirectly, lose rental income from the Disposal, which may have a slight negative effect on the earnings of the Company but will reduce expenses incurred for the Target Companies and finance costs incurred from the bank loan of Excel Pointer.

Assets and Liabilities

Upon Completion, it is estimated that the Company will realise a gain on the Disposal before taxation attributable to the owners of the Company of approximately HK\$39.7 million (being 29.4% (taking into account the effective interest of the Company in Hanison and Hanison’s effective interest in the Target Companies, i.e. 49% of 60%) of the cash consideration of HK\$550 million less the net book value of the Property as at 28 February 2015, being approximately HK\$390 million, and other related expenses).

The total assets and total liabilities of the Company are expected to decrease immediately after Completion due to the deconsolidation of the Target Companies. The actual gain on the Disposal to be recorded by the Company is subject to audit and may be different from the estimated amount as the actual gain or loss will depend on, amongst other things, the actual net asset value of the Target Companies as at Completion.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in the Listing Rules) for the Disposal exceeds 5%, with all being less than 25% for the Company, the Disposal constitutes a discloseable transaction of the Company and is subject to the announcement requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

In addition, Vendor B is an indirect wholly owned subsidiary of the Guarantor which is, in turn, indirectly majority owned by CCM Trust. CCM Trust (as the trustee of certain but not identical discretionary trusts of which members of the CHA Family are among the discretionary objects) is a substantial shareholder and connected person of the Company with approximately 41.48% direct and indirect shareholding interest in the Company. Accordingly, Vendor B is a connected person of the Company and for the purpose of the Listing Rules, the Disposal constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. This is the case even though the Purchaser itself is an independent third party. The Disposal is, therefore, also subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules so far as both the Company and the Company's subsidiary, Hanison, are concerned.

Each of Mr Payson CHA (chairman of the Company), Mr Victor CHA (deputy chairman and managing director of the Company), Mr Johnson CHA (non-executive director of the Company) and Ms Madeline WONG (non-executive director of the Company) is considered to have a material interest in the Disposal and was required to abstain, and did abstain, as applicable, from voting on the relevant board resolutions to approve the same. Save for the above, no Director has a material interest in the Disposal and none were required to abstain or did abstain from, voting on the relevant board resolutions to approve the Disposal.

Each of CCM Trust, Mr Payson CHA, Mr Victor CHA, Mr Johnson CHA, and Ms Madeline WONG and their respective close associates are required to abstain, and will abstain, from voting at the EGM on resolutions approving the Disposal and the transactions contemplated thereunder. The CHA Family between them are interested in 673,169,146 shares representing approximately 49.85% of the issued share capital of the Company.

RE-ELECTION OF DIRECTOR

Reference is made to the Company's announcement dated 25 September 2014 in relation to the appointment of Mr TANG Kwai Chang ("**Mr TANG**") as an independent non-executive director of the Company.

Mr TANG was not appointed for a specific term or any proposed length of service but is, under article 99 of the Articles, required to retire at the forthcoming EGM, being the first general meeting to take place subsequent to his appointment. He is, however, eligible for re-election and has expressed his willingness to stand for re-election at the EGM. Biographical details of Mr TANG are set out in Appendix II to this circular.

Any Shareholder acting on his own or together with other persons whose shareholding interests in the Company in aggregate representing not less than 5% of the issued share capital of the Company (other than the person to be proposed) may nominate a person to stand for election as a Director at the EGM in accordance with article 120 of the

LETTER FROM THE BOARD

Articles. Any Shareholder wishing to do so must serve (i) a written notice of intention to propose such person for election as a Director; (ii) a notice executed by that person of his willingness to be elected; and (iii) the information of that person as required to be disclosed under rule 13.51(2) of the Listing Rules to the Company's principal place of business in Hong Kong at 23/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on or before 11 May 2015. The Company shall issue an announcement and/or a supplementary circular, if applicable, to inform the Shareholders the biographical details of the additional candidate proposed if a valid notice in accordance with article 120 of the Articles from any Shareholder to propose a person to stand for election as a Director at the EGM is received.

VOTING AT THE EGM

Pursuant to rule 13.39(4) of the Listing Rules and article 80 of the Articles, the votes of the Shareholders at the EGM will be taken by poll and the Company shall announce the results of the poll in the manner prescribed under rule 13.39(5) of the Listing Rules.

Pursuant to article 85 of the Articles, on a poll, every member who is present in person or by proxy or (being a corporation) is present by a duly authorised representative or proxy shall have one vote for every fully-paid Share. A member entitled to more than one vote need not use all his votes or cast all the votes in the same way.

Each of CCM Trust, Mr Payson CHA (who has personal, corporate and deemed interests in the Company), Mr Victor CHA (who has personal and deemed interests in the Company), Mr Johnson CHA (who has a deemed interest in the Company) and Ms Madeline WONG (who has a deemed interest in the Company) and their respective close associates, are required to abstain from voting at the EGM on resolutions approving the Disposal and the transactions contemplated thereunder.

All Shareholders are eligible to vote on the resolution to be proposed at the EGM to re-elect Mr TANG as an independent non-executive director of the Company.

An announcement on the results of the EGM will be made by the Company as soon as practicable after the conclusion of the EGM, in compliance with the requirements under the Listing Rules.

LETTER FROM THE BOARD

EGM

The notice convening the EGM is set out on pages 44 to 46 of this circular and the form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Investor Centre of the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATIONS

The Directors (excluding Mr Payson CHA, Mr Victor CHA, Mr Johnson CHA and Ms Madeline WONG, who, as applicable, have abstained from voting on the relevant board resolutions due to their deemed interests in the Disposal) consider that the terms of the Sale and Purchase Agreement (including the Consideration), the Deed of Assignment and the Tax Deed are normal commercial terms and are fair and reasonable and that the Disposal is in the interests of the Company and the Shareholders as a whole. They, accordingly, recommend that Independent Shareholders vote in favour of the ordinary resolution to be proposed at the EGM in relation to the Disposal and the transactions contemplated thereunder.

The Board is pleased to recommend the re-election of Mr TANG as an independent non-executive director of the Company, whose biographical details are set out in Appendix II to this circular.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out in this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM in relation to the Disposal and the transactions contemplated thereunder.

Your attention is also drawn to the letter from the Independent Financial Adviser set out in this circular which contains its advice to the Independent Board Committee and Independent Shareholders as regards the Disposal and the transactions contemplated thereunder, and the principal factors and reasons considered by it in rendering that advice.

LETTER FROM THE BOARD

Your attention is drawn to the additional information set out in the appendices to this circular and the notice of the EGM.

The Independent Board Committee has considered the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment and the Tax Deed) and the transactions contemplated thereunder, and the advice given by the Independent Financial Adviser and recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the Disposal and the transactions contemplated thereunder.

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

HKR

INTERNATIONAL LTD.
香港興業國際集團

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)

24 April 2015

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL**

INTRODUCTION

Reference is made to the circular dated 24 April 2015 issued by the Company to the Shareholders, of which this letter forms part. The terms defined in the circular shall have the same meanings when used in this letter, unless the context requires otherwise.

The Independent Board Committee has been constituted by the Board to advise the Independent Shareholders in respect of the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder) and to make a recommendation as to voting at the EGM. Donvex Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee on the fairness and reasonableness of the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder) so far as the Independent Shareholders are concerned.

The terms of the Disposal are summarised in the section headed “Letter from the Board” set out on pages 6 to 18 of the circular. In addition, you are strongly urged to read Donvex Capital Limited’s letter to the Independent Board Committee and the Independent Shareholders, which is set out on pages 21 to 30 of the circular. As referred to in the section headed “Letter from the Board”, each of CCM Trust, Mr Payson CHA, Mr Victor CHA, Mr Johnson CHA and Ms Madeline WONG and their respective close associates are required to abstain from voting on the ordinary resolution to be proposed

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

at the EGM for approving the Disposal. Pursuant to rule 13.39(4) of the Listing Rules and article 80 of the Articles, the votes of the Independent Shareholders at the EGM will be taken by poll.

RECOMMENDATION

The Independent Board Committee has met with the management of the Company to discuss the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder) and its reasons for entering into it and has considered Donvex Capital Limited's letter.

Taking into account the principal factors and reasons considered and the recommendation given by Donvex Capital Limited, the Independent Board Committee considers that the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder) is on normal commercial terms and in the ordinary course of business of the Group. The Independent Board Committee is of further opinion that the Disposal is in the interests of the Company and the Shareholders as a whole and is fair and reasonable.

Accordingly, the Independent Board Committee recommends that you vote in favour of the ordinary resolution as set out in the notice convening the EGM on pages 44 to 46 of the circular to approve the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder) and authorising the directors of the Company and/or its subsidiaries to enter into and implement the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder).

Yours faithfully,

For and on behalf of the Independent Board Committee of
HKR International Limited

CHENG Kar Shun Henry
CHEUNG Wing Lam Linus
HO Pak Ching Loretta
TANG Kwai Chang

Independent Non-executive Directors

LETTER FROM DONVEX CAPITAL LIMITED

The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 1305, 13th Floor
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

24 April 2015

*The Independent Board Committee and the Independent Shareholders of
HKR International Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder), details of which are set out in the letter from the Board contained in the circular of the Company dated 24 April 2015 to the Shareholders (the “Circular”), of which this letter forms part. Terms used herein shall have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders as to whether the Disposal is in the ordinary and usual course of business of the Company, the terms of the Disposal are on normal commercial terms and are fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole; and to give independent opinion to the Independent Board Committee.

An Independent Board Committee comprising Dr CHENG Kar Shun Henry, Mr CHEUNG Wing Lam Linus, Ms HO Pak Ching Loretta and Mr TANG Kwai Chang (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the Disposal is in the ordinary and usual course of business of the Company; (ii) whether the terms of the Disposal are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are

LETTER FROM DONVEX CAPITAL LIMITED

concerned; (iii) whether the Disposal is in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the relevant ordinary resolution(s) to approve the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder) at the EGM.

We, Donvex Capital Limited, are independent of and not connected with any members of the Group or any of their substantial shareholders, directors or chief executives, or any of their respective associates, and are accordingly qualified to give an independent advice in respect of the Disposal contemplated under the Sale and Purchase Agreement.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true until the date of the EGM.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any form of independent in-depth investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments, including any material change in market and economic conditions, may affect or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

LETTER FROM DONVEX CAPITAL LIMITED

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder) and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder), we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

The Company and its subsidiaries (for this purpose, excluding Hanison group) are principally engaged in property development, property investment, property management and related services, hospitality businesses and healthcare services.

The table below tabulates the financial results of the Group for the two years ended 31 March 2014 and for the six months ended 30 September 2014 as extracted from the Group's annual report for the year ended 31 March 2014 (the "Annual Report") and the Group's interim report for the six months ended 30 September 2014 (the "Interim Report").

Consolidated statement of profit or loss	For the six months ended 30 September 2014 <i>HK\$'M</i> (Unaudited)	For the year ended 31 March	
		2014 <i>HK\$'M</i>	2013 <i>HK\$'M</i>
Revenue	3,245.4	4,125.1	5,119.4
Gross profit	1,112.5	920.1	1,333.4
Gains on disposal of investment properties	7.6	4.0	55.3
Unrealised gains on fair value change of investment properties	383.2	444.0	459.9
Profit for the period/year attributable to owners of the Company	634.4	834.6	998.3

LETTER FROM DONVEX CAPITAL LIMITED

Consolidated statement of financial position	As at 30	As at 31 March	
	September	2014	2013
	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
	(Unaudited)		
Bank balances and cash	6,404.2	5,311.8	3,081.6
Bank and other loans due within one year	4,814.0	2,321.0	1,801.4
Bank and other loans due after one year	1,580.2	3,707.7	3,470.0

For the year ended 31 March 2014

For the year ended 31 March 2014, the Group recorded revenue from operations of approximately HK\$4,125.1 million, as compared with that of approximately HK\$5,119.4 million last year. Such decrease in revenue was mainly due to the decline in sales of properties in Hong Kong. During the year, the tightening measures implemented by the Government of Hong Kong continued to exert pressure on the Hong Kong property market. The residential market was particularly affected, with transaction volumes declining substantially though prices have remained stable. The Group's profit attributable to owners of the Company was approximately HK\$834.6 million, as compared with a profit of approximately HK\$998.3 million last year. As at 31 March 2014, the Group recorded bank balances and cash of approximately HK\$5,311.8 million and total bank and other loans of approximately HK\$6,028.7 million.

For the six months ended 30 September 2014

For the six months ended 30 September 2014, the Group recorded revenue from operations of approximately HK\$3,245.4 million, as compared with that of approximately HK\$1,840.7 million for the same period in 2013. As advised by the management of the Company, such increase in revenue was mainly derived from the sales of residential properties developed by the Group in Discovery Bay. Despite the uncertainties arising from the various governmental administrative measures on residential property market in Hong Kong, the Company received a favourable response on the sale of residential properties as a result of the continuous relatively low mortgage rate and the relaxation of doubled ad valorem stamp duty for home upgraders. In addition to the increased sales of residential properties, the increase in Group's profit was contributed from the gain on change in fair value of investment properties. The Group's profit attributable to owners of the Company was approximately HK\$634.4 million, as compared with a profit of approximately HK\$219.2 million for the same period in 2013. As at 30 September 2014, the Group recorded bank balances and cash of approximately HK\$6,404.2 million and total bank and other loans of approximately HK\$6,394.2 million, of which approximately HK\$4,814.0 million, or approximately 75.3% of the total bank and other loans, are repayable within one year.

LETTER FROM DONVEX CAPITAL LIMITED

Taking into account the above, we consider that the Disposal is in the ordinary and usual course of business of the Company and the Company's intention of applying net proceeds from the Disposal to repay bank loans is justifiable.

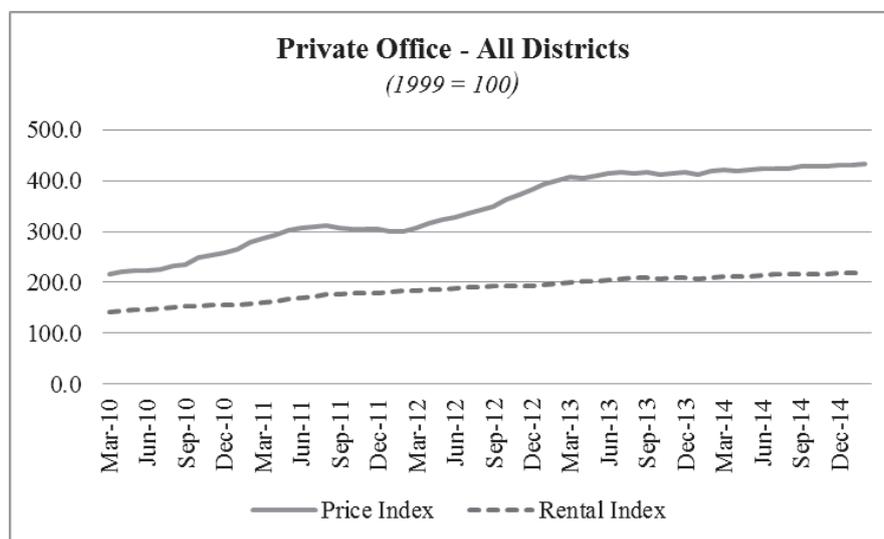
2. Background information of the Target Companies

As stated in the Letter from the Board, Superior Choice is an investment holding company, and its principal asset is the 100% equity interest in Excel Pointer, which is the legal and beneficial owner of the Property. The Property was acquired by Hanison (an indirect non-wholly owned subsidiary of the Company), through Excel Pointer, on 30 November 2012 and 40% of the issued share capital and the then outstanding shareholder's loan of Excel Pointer was subsequently sold and assigned to Vendor B on 17 December 2012.

We note that the major asset to be disposed of came from the Property, of which the Property is a 26-storey commercial building situated at No.151 Hollywood Road, Hong Kong and has an aggregate gross floor area of approximately 32,728 square feet. The Property is sold subject to tenancies. The unaudited consolidated net asset value of the Target Companies as at 28 February 2015 is approximately HK\$54.2 million. Upon Completion, the Company will realise a gain on the Disposal before taxation attributable to the owners of the Company of approximately HK\$39.7 million, details of which are set out in paragraph headed "Financial effects of the Disposal".

3. Property market in Hong Kong

In order to assess the fairness and reasonableness of the Disposal, we look into the price and rental index for private office, which represent the recent trend and outlook of the property market in Hong Kong for a five-year period from March 2010 to February 2015 (the "Review Period").



Source: Rating and Valuation Department of the Government of Hong Kong

LETTER FROM DONVEX CAPITAL LIMITED

As shown in the graph above, the price index for private office (the “Office Price Index”) indicated a positive trend for the Review Period though the growth has decelerated since early 2013. The accumulated growth of Office Price Index throughout the Review Period was approximately 99.9%. Meanwhile, the rental index for private office (the “Office Rental Index”) has been growing relatively steadily throughout the Review Period, with the accumulated growth of 54.9%, which was not as high as that of the Office Price Index. However, the decelerated growth of both indices reflected that the overall market demand for private office has slowed down in recent years.

Taking into account the Property could be leased out instead of the Disposal, we also compare the growth of Office Rental Index to that of the composite consumer price index (the “CCPI”), which could represent the general inflation rate of Hong Kong. According to the latest information available in the Census and Statistics Department of the Government of Hong Kong, for the 12 months ended February 2015, the CCPI was on average 4.4% higher than in the preceding 12-month period. The growth rate of the Office Rental Index for the same period was approximately 4.3%, which is slightly lower than that of the CCPI.

In view of (i) the slowdown trend as reflected by the drop in growth rates of both the Office Price Index and the Office Rental Index even though the Office Price Index has a higher accumulated growth than that of the Office Rental Index; and (ii) the year-on-year growth rate of the Office Rental Index has dropped and was close to that of the CCPI, we consider that the Disposal which would enable the Group to realise the fair value gain at present instead of earning rental income derived from the Property is fair and reasonable.

4. Reasons for and benefits of the Disposal

As stated in the Letter from the Board, the Disposal has been instigated and driven by Hanison, in its capacity as an independently managed and separately listed company. It happens to be the case that, for accounting reasons, it is treated as a subsidiary of the Company.

Further to the view of the directors of Hanison, the current market price of the Property represents a good opportunity for the Hanison group to unlock the value of the Property and the Disposal will enable Hanison to reallocate capital into future investment opportunities and pursue other growth opportunities. The directors of the Company, of which owning a 49% interest in Hanison, concur with these views and are of their own view that a divestment by Hanison of its interest in the Property is also in the best interests of the Company on the basis that what is good for the Company’s subsidiary is also good for the Company.

As disclosed in the circular of Hanison dated 23 November 2012, we noted that the Property was acquired by Excel Pointer at a purchase price of HK\$318.0 million, which was the same as the then market value of the Property as valued by Savills Valuation and

LETTER FROM DONVEX CAPITAL LIMITED

Professional Services Limited. According to the valuation report prepared by DTZ Debenham Tie Leung Limited (“DTZ”), the Property was valued at HK\$550.0 million as at 2 March 2015, which represents an increase in value of the Property of approximately HK\$232.0 million or 73.0% in about two and a half years. In view of the above, we consider that the Disposal presents a good opportunity for the Group to unlock the unrealised gain on fair value change of the Property.

As advised by the management of the Company, the directors of Hanison have confirmed that Hanison intends to apply the net proceeds (in respect of its proportion of 60% equity interest in the Target Companies) from the Disposal to repay bank loans and as general working capital, available to finance a possible property investment project and/or other business investments of Hanison. Having taken into account (i) the immediate realisation of fair value gain on Property upon Disposal; (ii) possible reduction of the Group’s finance costs as a result of the decrease in bank loan; and (iii) the growth of property market in general has slowed down in recent years, which can prevent the Group from recording potentially higher fair value gain in the future, we consider that the use of proceeds from the Disposal is justifiable and concur with the view of the Directors that the Disposal is fair and reasonable and in the interests of the Shareholders as a whole.

5. Principal terms of the Sale and Purchase Agreement, the Deed of Assignment and the Tax Deed

(a) The Sale and Purchase Agreement

Consideration

We note that the consideration for the Sale Shares and the Sale Loans was arrived at after arm’s length negotiation between the Vendors and the Purchaser, having taken into account the market value of the Property and the market values of the properties nearby. In order to assess the market value of the Property, we have reviewed and enquired with DTZ regarding the methodology of, and bases and assumptions adopted for the valuation of the Property (the “Property Valuation”). The full text of the valuation report from DTZ is contained in Appendix I to the Circular.

We understand that the Property Valuation adopted the investment approach by taking into account the current rents passing and the reversionary income potential of the tenancies, as well as the direct comparison approach by making reference to comparable market transactions. As confirmed by DTZ, investment approach and direct comparison approach are commonly adopted approaches for valuation of commercial properties in Hong Kong and is also consistent with normal market practices. During the course of our discussion with DTZ, we have not identified any major factors which cause us to doubt the fairness and reasonableness of the principal bases and assumptions used by DTZ in arriving at the valuation.

LETTER FROM DONVEX CAPITAL LIMITED

The Property Valuation has been prepared by DTZ in accordance with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors. For our due diligence purpose, we have also reviewed the terms of engagement of DTZ (including the scope of work) and interviewed DTZ including as to, among others, its expertise and any current or prior relationships with the Company. We noted that DTZ has years of experience in performing valuation for transactions of listed companies in Hong Kong. DTZ confirmed that it is independent from the Company and all relevant material information provided by the Company had been incorporated in the Property Valuation and there were no other material relevant information or representations relating to the Property provided or made by the Company to DTZ not having been included in the valuation.

Based on the aforesaid, we consider that DTZ is qualified and appropriate to provide a reliable valuation for the Property and the above valuation methodology is a reasonable approach in establishing the market value of the Property.

Conditions Precedent and other terms

Details of the Conditions Precedent to the completion of the Sale and Purchase Agreement are set out in the section headed “Sale and Purchase Agreement” in the Letter from the Board. We have reviewed the other terms of the Sale and Purchase Agreement and are not aware of any terms which are uncommon to normal market practices. Based on our own experiences and the study on other disposal agreements of our previous works, the remaining terms of the Sale and Purchase Agreement including guarantee, completion, warranties and undertakings, etc. are the standard terms of normal sale and purchase agreements which we have reviewed before. Accordingly, we consider that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

(b) The Deed of Assignment

Pursuant to the Deed of Assignment, Vendor A and Vendor B, as the respective legal and beneficial owners, shall assign to the Purchaser all rights and interests in the Shareholder Loan A and the Shareholder Loan B respectively, which will represent all then outstanding loans due and owing to Vendor A and Vendor B by Superior Choice.

We have reviewed the terms of the Deed of Assignment and are not aware of any terms which are uncommon. Given that it was a commercial decision between the parties to include the delivery of the Deed of Assignment upon Completion as a term of the Sale and Purchase Agreement, and that the terms of the Deed of Assignment are on normal commercial terms, we consider that the entering into of the Deed of Assignment is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM DONVEX CAPITAL LIMITED

(c) The Tax Deed

Pursuant to the Tax Deed, Vendor A will undertake as to 60%, and Vendor B and the Guarantor shall undertake jointly and severally as to 40%, to indemnify the Purchaser and Excel Pointer against any claim for liability to taxation that relates to matters arising prior to Completion, whether made against any of the Target Companies before or after the date of Completion.

We have reviewed the terms of the Tax Deed and are not aware of any terms which are uncommon. Given that it was a commercial decision between the parties to include the delivery of the Tax Deed upon Completion as a term of the Sale and Purchase Agreement, and that the terms of the Tax Deed are on normal commercial terms, we consider that the entering into of the Tax Deed is fair and reasonable so far as the Independent Shareholders are concerned.

6. Financial effects of the Disposal

Upon Completion, the Target Companies will no longer be the subsidiaries of the Company and their financial results will no longer be consolidated into the accounts of the Group.

Earnings

As stated in the Letter from the Board, the monthly rental of such tenancies is approximately HK\$750,000 (inclusive of management fee, Government rent and rates for all the units and utilities (with electricity for up to certain limit), as appropriate, and cleaning for all units except for those on roof floor). Upon Completion, the Company will, indirectly, lose rental income from the Disposal, which may have a slight negative effect on the earnings of the Company but will reduce expenses incurred for the Target Companies and finance costs incurred from the bank loan of Excel Pointer.

Assets and Liabilities

The total assets and total liabilities of the Company are expected to decrease immediately after Completion due to the deconsolidation of the Target Companies. Upon Completion, it is estimated that the Company will realise a gain on the Disposal before taxation attributable to the owners of the Company of approximately HK\$39.7 million (being 29.4% (taking into account the effective interest of the Company in Hanison and Hanison's effective interest in the Target Companies, i.e. 49% of 60%) of the cash consideration of HK\$550.0 million less the net book value of the Property as at 28 February 2015, being approximately HK\$390.0 million, and other related expenses). Subject to audit, the Disposal will have a positive effect on the net asset value of the Group as a result of the immediate realisation of fair value gain on Property upon Completion.

LETTER FROM DONVEX CAPITAL LIMITED

Gearing

According to the Interim Report, the Group had net cash of HK\$94.2 million while as at 31 March 2014, the Group's gearing ratio, calculated as a percentage of consolidated net borrowings to the shareholders' funds was 4.1%. Upon Completion, the Disposal will allow the Group to further reduce its gearing ratio as the Group will receive cash and reduce its bank loan.

Based on the above, the Disposal will have an overall positive effect on the Group's financial position and reduce its finance costs as a result of the decrease in total bank loan. We consider that the Disposal is in the interest of the Company and the Shareholders as a whole.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position and performance of the Group will be upon completion of the Sale and Purchase Agreement.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, in particular that (i) the Disposal is in the ordinary and usual course of business of the Company and it is in line with the Group's overall business strategy; (ii) the basis in determining the consideration for the Sale Shares and the Sale Loans is fair and reasonable so far as the Company and the Shareholders as a whole are concerned; (iii) the reasons for and benefits of the Disposal are in the interests of the Company and the Shareholders as a whole; (iv) the growth of property market in general has slowed down as discussed above in the paragraph headed "Property market in Hong Kong" which would impose downward pressure on the fair value of Property in the future; and (v) the Disposal will have an overall positive financial effect on the Group, we are of the view that the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder) is on the normal commercial terms and in the ordinary and usual course of business of the Company.

We are also of the view that the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder) is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder).

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director

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 valuer, in connection with the valuation of the Property as at 2 March 2015:



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

24 April 2015

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

Dear Sirs,

Re: CentreHollywood, 151 Hollywood Road, Sheung Wan, Hong Kong. (the “Property”)

Instructions, Purpose & Date of Valuation

We refer to your instructions for us to carry out a market valuation of the Property in which HKR International Limited (the “Company”) has an interest. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the Property as at 2 March 2015 (the “Date of Valuation”).

Basis of Valuation

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 and where the parties had each acted knowledgeably, prudently and without compulsion”.

Valuation Assumptions

Our valuation 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 any onerous nature which could affect its value.

Method of Valuation

As the Property is held by the Company for investment, we have valued it by Investment Approach by capitalising the rental income derived from the existing tenancies with due provision for any reversionary income potential and have cross-checked the result by making reference to comparable sale transactions.

Source of Information

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, identification of the Property, particulars of occupancy, floor areas and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by the Company and are therefore only approximations. No on-site measurement has been carried out.

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 Land Registry. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Site Inspection

Our valuer, Ms Angelina Kwok (MHKIS), inspected the exterior and wherever possible, the interior of the Property on 12 February 2015. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Property is free of rot, infestation or any other structural defects. No test was carried out on any of the services.

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
K B Wong
MHKIS, RPS(GP)
Senior Director, Valuation & Advisory Services

Note: Mr K B Wong is a Registered Professional Surveyor (General Practice) who has over 30 years' property valuation experience in Hong Kong.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 2 March 2015												
CentreHollywood, 151 Hollywood Road, Sheung Wan, Hong Kong	The Property comprises a 26-storey plus lower ground floor commercial building completed in 1994.	Ground and first floors are let together for a term of 3 years from 1 October 2012 to 30 September 2015 at a monthly rent of HK\$135,000.	HK\$550,000,000 (29.4% interest attributable to the Company: HK\$161,700,000)												
The Remaining Portion of Sub-section 1 of Section E, the Remaining Portion of Sub-section 2 of Section E and the Remaining Portion of Section E of Inland Lot No. 853	The Property has a total gross floor area of approximately 32,728 sq.ft. (3,040.381 sq.m.). The breakdown of the total gross floor area is <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>sq.ft</th> <th>sq.m.</th> </tr> </thead> <tbody> <tr> <td>G/F (shop)</td> <td>1,298</td> <td>120.616</td> </tr> <tr> <td>Upper floors (office)</td> <td><u>31,430</u></td> <td><u>2,919.765</u></td> </tr> <tr> <td></td> <td><u>32,728</u></td> <td><u>3,040.381</u></td> </tr> </tbody> </table>		sq.ft	sq.m.	G/F (shop)	1,298	120.616	Upper floors (office)	<u>31,430</u>	<u>2,919.765</u>		<u>32,728</u>	<u>3,040.381</u>	Except for a total area of approximately 18,818 sq.ft. (1,748.23 sq.m.) which is vacant, the office portions are let to various tenants for terms of mostly 1 to 2 years with the latest tenancy due to expire in December 2016 at a total rent of about HK\$538,000 per month, inclusive of rates, management fees, electric charges, water charges, utilities charges, Government rent and the use of various office provisions. In addition, the roof is licensed out for use of various radio base stations at a total licence fee of about HK\$77,000 per month.	
	sq.ft	sq.m.													
G/F (shop)	1,298	120.616													
Upper floors (office)	<u>31,430</u>	<u>2,919.765</u>													
	<u>32,728</u>	<u>3,040.381</u>													
	The locality of the Property is characterised by a mixture of commercial and residential developments of various ages.														
	The Property is held from the Government under a Government Lease for a term of 999 years from 5 February 1877. The current Government rent payable for the lots is HK\$32 per annum.														

Notes:

- (1) The registered owner of the Property is Excel Pointer Limited in which Hanison Construction Holdings Limited (“Hanison”) has an attributable interest of 60% and Sky Champion International Limited has an attributable interest of 40%. The Company has an attributable interest of 49% in Hanison.
- (2) The Property is subject to an Offensive Trade Licence vide Memorial No. 08061700390013 dated 27 May 2008.
- (3) The Property is subject to a Mortgage to secure all moneys in respect of general banking facilities in favour of The Bank of East Asia, Limited.
- (4) The Property is zoned for “Residential (Group A)8” use under Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/29.

Set out below are the biographical details of the retiring Director who is eligible and willing to stand for re-election at the EGM:

Mr TANG Kwai Chang *FCCA, FCPA (Aged 62)*

Positions held and length of service

Mr TANG was appointed an independent non-executive director of the Company in September 2014. He is also the chairman of the audit committee, member of nomination committee and member of any independent non-executive board committee of the Company as from time to time set up for specific purpose in accordance with the requirement under the Listing Rules.

Experience

Mr TANG is a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants (“HKICPAs”). He was a partner of Deloitte Touche Tohmatsu (“Deloitte”) with extensive experience in auditing and audit risk management, the vice chairman of Deloitte China and board member of Deloitte Global when he retired in May 2013. Mr TANG is currently a court member of the Hong Kong Baptist University and member of the disciplinary panel of the HKICPAs. He did not hold any directorship in other listed public companies in the past three years.

Based on the information available to the Board, and by reference to the rule 3.13 of the Listing Rules which sets out certain criteria on independence of the independent non-executive directors, the Board considers that Mr TANG is independent. Further, in the view of the extensive knowledge and experience of Mr TANG, the Board believes that his re-election is in the best interests of the Company and the Shareholders as a whole.

Relationships with directors, senior management, substantial or controlling shareholders of the Company

Mr TANG is not related to any directors, senior management, substantial or controlling shareholders of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr TANG did not have any interests in the Shares within the meaning of Part XV of the SFO.

Director's remuneration and term of office

Mr TANG was not appointed for a specific term or any proposed length of services and his directorship is subject to retirement and re-election at the EGM in accordance with article 99 of the Articles. Assuming he is re-elected at the EGM, he will thereafter be subject to retirement and re-election at annual general meetings of the Company at least once every three years, in accordance with article 116 of the Articles and code provision A.4.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

A total remuneration of HK\$155,343 was paid to Mr TANG for the year ended 31 March 2015 in pursuance of the resolution passed by the Shareholders at the last annual general meeting of the Company held in August 2014.

In relation to the re-election of Mr TANG as an independent non-executive director of the Company, save as disclosed above, there is no information which is discloseable nor is or was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraph 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter concerning Mr TANG that need to be brought to the attention of the Shareholders.

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 enquiries, 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 Issuers 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
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**(1) 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	12,895	–	–	–	12,895	0.002

(2) Share options granted to the Directors pursuant to the share option scheme adopted by Hanison on 21 September 2011

Name of Director	Number of share options outstanding as at the Latest Practicable Date	Approximately percentage of issued share capital	Date of grant	Exercisable period	Exercise price (HK\$)
Payson CHA	5,360,000	1.00	26 November 2014	26 November 2014 to 25 November 2019	1.35
Johnson CHA	2,680,000	0.50	26 November 2014	26 November 2014 to 25 November 2019	1.35

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 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 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 Issuers 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 (Note a)	41.48
LBJ Regents Limited	Corporate trustee	91,894,801 (Note b)	6.81
Invesco Asset Management Limited	Investment manager/adviser of various accounts	108,828,725 (Note c)	8.06

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 the Directors, are also the 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 the Directors, are also the directors of LBJ Regents.
- (c) 108,828,725 shares were held by Invesco Asset Management Limited as investment manager and/or adviser 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 (Note a)	LEE Wing Sum Savio	20.00
Hanison Construction Holdings Limited	CCM Trust (Cayman) Limited	19.30

Name of subsidiary	Name of shareholder	Approximate percentage of issued share capital held in the subsidiary
Health & Care Group Limited (Note b)	SIN Chung Yin Ronald CHU Kai Yu	24.05 12.02
Hong Kong Resort Company Limited (Note c)	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
Superior Choice Holdings Limited (Note d)	Sky Champion International Limited	40.00

Notes:

- (a) Allmedco Group Limited is a 80%-owned subsidiary of Health & Care Group Limited which is an 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 effective interests therein as in Health & Care Group Limited.
- (c) Hong Kong Resort Company Limited is a holding company of 28 wholly-owned subsidiaries all of which Baylink Investments Limited is deemed to have a 50% indirect interest therein.
- (d) Superior Choice Holdings Limited is a holding company with one wholly owned subsidiary, namely Excel Pointer Limited, both of which Sky Champion International Limited has and deemed to have a 40% direct or 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) On 18 June 2014, Pearl Development Limited, an indirect wholly owned subsidiary of the Company entered into a sale and purchase agreement with Ms Madeline WONG for the disposal of a 2-storey terraced house located at Discovery Bay to Ms WONG for a consideration of HK\$40.5 million. Ms WONG is a non-executive director of the Company and hence a connected person of the Company for the purpose of the Listing Rules. The consideration was based on the valuation of the property done by an independent valuer. HK\$4.05 million being 10% of the consideration was paid upon the signing of the sale and purchase agreement as deposit and part payment of the consideration and HK\$36.45 million being the balance of the consideration was paid upon completion of the disposal on 30 July 2014.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have, since 31 March 2014 (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) Save as disclosed in this circular in respect of the Disposal (including the terms of the Sale and Purchase Agreement, the Deed of Assignment, the Tax Deed and the transactions contemplated thereunder), 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 Sino Hotels (Holdings) Limited ("SHH"), Sino Land Company Limited ("SLC") and Tsim Sha Tsui Properties Limited ("TSTP"). He ceased as a NED of Hutchison Harbour Ring Limited ("HHR", which renamed as China Oceanwide Holdings Limited on 29 December 2014) in December 2014. The businesses of HLP, SHH, SLC, TSTP and HHR involve at least some of property investment, property development, property management and hotel management and ownership. HLP, SHH, SLC, TSTP and HHR are all listed on the Stock Exchange.

- (b) Mr Payson CHA is the chairman and NED of Hanison and an 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 a 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”). She retired as a NED of Hon Kwok Land Investment Company, Limited (“HKLI”) in August 2014. Chinney and HKLI are both listed on the Stock Exchange whose groups’ businesses consist of property development, property investment, property management and hotel management and ownership.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2014, being the date to which the latest published audited financial statements of the Group were made up.

6. QUALIFICATION AND CONSENT OF EXPERT AND EXPERT’S INTERESTS

The following are the qualifications of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
DTZ Debenham Tie Leung Limited	An independent professional property valuer
Donvex Capital Limited	Independent Financial Adviser

As at the Latest Practicable Date, none of the above experts has:

- (a) 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; and
- (b) any interest, direct or indirect, in any assets which have been, since 31 March 2014 (being the date to which the latest published audited financial statements 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.

The above experts have given and have not withdrawn their written consents to the issue of this circular with the inclusion of their letters and references to their names included herein in the form and context in which they appear.

7. GENERAL

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection 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 Sale and Purchase Agreement;
- (b) the property valuation report of DTZ Debenham Tie Leung Limited, the text of which is set out in Appendix I to this circular;
- (c) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out in this circular;
- (e) the written consents referred to in the paragraph headed “Qualification and Consent of Expert” in this Appendix; and
- (f) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

HKR

INTERNATIONAL LTD.

香港興業國際集團

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of HKR International Limited (the “Company”) will be held at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 19 May 2015 at 10:30 a.m., for the purposes of considering and, if thought fit, passing with or without modifications, the following resolutions as ordinary resolutions of the Company:

1. “**THAT:**

- (a) the sale and purchase agreement dated 19 March 2015 entered into between Hanison Construction Holdings (BVI) Limited as vendor, Sky Champion International Limited as vendor, Mingly Corporation as guarantor, Jinshang International Investment Company Limited as purchaser (the “**Sale and Purchase Agreement**”), in respect of which a copy of the Sale and Purchase Agreement marked “A” has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification; the deed of assignment to be entered into between Hanison Construction Holdings (BVI) Limited as assignor, Sky Champion International Limited as assignor and Jinshang International Investment Company Limited as the assignee with the consent of Superior Choice Holdings Limited (the “**Deed of Assignment**”), in respect of which a copy of the Deed of Assignment marked “B” has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification; the tax deed to be entered into between Hanison Construction Holdings (BVI) Limited, Sky Champion International Limited, Mingly Corporation as guarantor, for Jinshang International Investment Company Limited and Excel Pointer Limited (the “**Tax Deed**”), in respect of which a copy of the Tax Deed marked “C” has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification, and the terms of which and the transactions contemplated thereunder (the “**Disposal**”) and all such documents ancillary to the Disposal be and are hereby approved, ratified and confirmed; and

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

(b) any one or more of the directors of the Company and/or its subsidiaries (as appropriate) be and is/are hereby authorised for and on behalf of the Company and/or its subsidiaries (as appropriate) to do all such acts and things incidental to, ancillary to or in connection with the Disposal and execute all such documents (in case of execution of documents under seal, to do so by any two directors of the Company and/or its subsidiaries (as appropriate) or any director of the Company and/or its subsidiaries (as appropriate) together with the secretary of the Company and/or its subsidiaries (as appropriate)) and to take such steps which he/they may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Disposal and the transactions contemplated thereunder.”

2. **“THAT:**

Mr TANG Kwai Chang be re-elected as an independent non-executive director of the Company.”

By Order of the Board
MAK Sau Ching
Company Secretary

Hong Kong, 24 April 2015

Notes:

1. Any member of the Company entitled to attend and vote at the EGM (or at any adjournment thereof) is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
2. In case of joint registered holders of any share in the Company, any one of such persons may vote at the EGM (or at any adjournment thereof), either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM (or at any adjournment thereof) personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to qualify for attending the EGM (or at any adjournment thereof), the main and branch registers of members of the Company will be closed from Friday, 15 May 2015 to Tuesday, 19 May 2015 (both days inclusive). On those days, no transfer of shares will be registered. All transfers forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 14 May 2015.

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. The form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority, shall be deposited at the Investor Centre of the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM or any adjournment thereof should he so wish.
5. With regard to the proposed resolution numbered 1 of this notice, CCM Trust (Cayman) Limited, Mr CHA Mou Sing Payson, Mr CHA Mou Zing Victor, Mr CHA Mou Daid Johnson and Ms WONG CHA May Lung Madeline and their respective close associates (as defined in the circular dated 24 April 2015) will abstain from voting.
6. With regard to the proposed resolution numbered 2 of this notice, the board of directors of the Company recommends that the retiring director, namely Mr TANG Kwai Chang be re-elected as an independent non-executive director of the Company.
7. Registration of the EGM will start at 9:45 a.m. on Tuesday, 19 May 2015. To ensure the meeting can start on time, shareholders or their proxies are requested to arrive at the venue for registration at least 15 minutes before the meeting starts.