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

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HKRI

香港興業國際集團有限公司*

HKR International Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00480)

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

A letter from the Board is set out on pages 5 to 11 of this circular.

The Loan Transaction has been approved by written shareholders’ approval pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

16 June 2022

* 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, unless the context requires otherwise, the following expressions have the following meanings:

“Bank”	Bank of China (Hong Kong) Limited as the remaining lender and security agent under the Supplemental Agreement
“Banking Facilities”	the banking facilities granted by a syndicate of banks in Hong Kong to the JV Company B in a total principal amount of HK\$5,000 million to partially refinance the land premium paid and to finance or refinance construction costs and related professional fees all as relating to the JV Project
“Board”	the board of directors of the Company
“Business Day(s)”	a day other than Saturday, Sunday, any day on which banks located in Hong Kong are authorised or obligated to close, any public holiday in Hong Kong or a day on which typhoon signal No.8 or above or black rainstorm signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. Hong Kong time
“Company”	HKR International Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 00480)
“Directors”	the directors of the Company from time to time
“Facility Agreement”	an agreement dated 26 May 2017 for the purpose of granting the Banking Facilities
“Group”	the Company and its subsidiaries from time to time
“HIBOR”	Hong Kong Inter-bank Offered Rate
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hysan”	Hysan Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code : 00014)
“Interest Period”	One, two or three months or subject to availability six months at the selection of the JV Company B and mutually agree with the Bank as agent (acting on the instruction of all the lenders)

DEFINITIONS

“JV Company A”	Gainwick Mortgage Limited, a company incorporated in Hong Kong with limited liability and indirectly owned as to 40% by the Company and 60% by Hysan
“JV Company B”	Gainwick Limited, a company incorporated in Hong Kong with limited liability and indirectly owned as to 40% by the Company and 60% by Hysan
“JV Project”	the joint venture project between the Company and Hysan to redevelop and sell residential properties built on the Plots
“Latest Practicable Date”	13 June 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement A”	the revolving loan facility agreement dated 19 April 2022 entered into between Pine Isle and Mariner Bay, as the lenders, and the JV Company A, as the borrower
“Loan Agreement B”	the revolving loan facility agreement dated 26 May 2022 entered into between Pine Isle and Mariner Bay, as the lenders, and the JV Company B, as the borrower
“Major Shareholders”	<p>comprise CCM Trust (Cayman) Limited (“CCM”), Mingly Asia Capital Limited (“Mingly”), CCM Capital Corporation (“CCM Capital”), Soar Boom Limited (“Soar Boom”), LBJ Regents (PTC) Limited (“LBJ”) and Bie Ju Enterprises Limited (“Bie Ju”), a closely allied group of shareholders who together hold approximately 54.985% interests in the Company, with their particulars as follows:</p> <p>(a) CCM is a company incorporated in the Cayman Islands with limited liability and which has a direct interest in the Company of approximately 38.444% (representing 571,011,401 ordinary shares of the Company). CCM (which is also indirectly interested in the shares of the Company held via its subsidiaries, Mingly, CCM Capital and Soar Boom as described in (b), (c) and (d) below) is the corporate trustee of certain but not identical discretionary trusts of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi Ming’s issue;</p>

DEFINITIONS

- (b) Mingly is a company incorporated in the British Virgin Islands with limited liability, indirectly owned as to 87.50% by CCM, and which has a direct interest in the Company of approximately 3.04% (representing 45,157,894 ordinary shares of the Company);
- (c) CCM Capital is a company incorporated in the British Virgin Islands with limited liability, indirectly owned as to 87.50% by CCM, and which has a direct interest in the Company of approximately 1.696% (representing 25,183,584 ordinary shares of the Company);
- (d) Soar Boom is a company incorporated in the British Virgin Islands with limited liability, indirectly owned as to 87.50% by CCM, and which has a direct interest in the Company of approximately 4.999% (representing 74,265,090 ordinary shares of the Company);
- (e) LBJ is a company incorporated in the British Virgin Islands with limited liability and which has a direct interest in the Company of approximately 6.182% (representing 91,818,179 ordinary shares of the Company). LBJ (which is also indirectly interested in the shares of the Company held via its wholly-owned subsidiary Bie Ju, as described in (f) below) is the corporate trustee for certain but not identical discretionary trusts of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi Ming's issue; and
- (f) Bie Ju is a company incorporated in the Cayman Islands with limited liability, wholly-owned by LBJ, and which has a direct interest in the Company of approximately 0.624% (representing 9,266,101 ordinary shares of the Company)

“Mariner Bay”

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

“Guarantee”

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

“Pine Isle”

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

DEFINITIONS

“Plot 1”	a piece of land located at Lo Fai Road, Tai Po, New Territories being registered at the Land Registry as Tai Po Town Lot No. 223
“Plot 2”	a piece of land located at Lo Fai Road, Tai Po, New Territories being registered at the Land Registry as Tai Po Town Lot No. 229
“Plots”	Plot 1 and Plot 2
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong as amended from time to time
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Facility Agreement, among other things, providing for the extension of the Banking Facilities for an additional 18 months from the date of expiry of the original maturity date, being 26 May 2022

LETTER FROM THE BOARD

HKRI

香港興業國際集團有限公司*
HKR International Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00480)

Directors:

Mr CHA Mou Zing Victor (*Chairman*)
Mr TANG Moon Wah (*Managing Director*)
Mr CHEUNG Ho Koon
Ms NGAN Man Ying
Ms WONG CHA May Lung Madeline[#]
(Deputy Chairman)
The Honourable Ronald Joseph ARCULLI[#]
Mr CHA Mou Daid Johnson[#]
Mr CHEUNG Wing Lam Linus^Δ
Mr FAN Hung Ling Henry^Δ
Ms HO Pak Ching Loretta^Δ
Ms Barbara SHIU^Δ
Mr TANG Kwai Chang^Δ

[#] *Non-executive Directors*

^Δ *Independent Non-executive Directors*

Registered Office:

P.O. Box 309, Uglund 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

16 June 2022

Dear Shareholders,

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

INTRODUCTION

Reference is made to the announcements of the Company dated 19 April and 26 May 2022. On 19 April 2022, the Company through Pine Isle, its indirect wholly-owned subsidiary and Hysan through Mariner Bay, its indirect wholly-owned subsidiary, entered into the Loan Agreement A with JV Company A (owned indirectly by Pine Isle as to 40% and by Mariner Bay as to 60%) for the provision of a 5-year revolving loan facility in an aggregate sum up to HK\$2,200 million to the JV Company A primarily for the provision of mortgage loans to purchasers of the residential units developed pursuant to the JV Project. The loan amount borne by Pine Isle, therefore indirectly by the Company, under the Loan Agreement A will be up to HK\$880 million (“Loan A”), equivalent to 40% of the loan facility amount.

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LETTER FROM THE BOARD

On 26 May 2022, Pine Isle and Mariner Bay, as the lenders, entered into the Loan Agreement B, with the JV Company B, as the borrower, for the provision of a 5-year revolving loan facility in an aggregate sum up to HK\$1,500 million to the JV Company B. Although the JV Company A and the JV Company B are involved in different aspects of the JV Project, it is ultimately a single purpose project and the Company owns the same percentage shareholding in each of JV Company A and JV Company B. Accordingly, the Company has treated it as appropriate to aggregate Loan B (as defined below) with Loan A pursuant to Rule 14.22 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, information in relation to the Loan Transaction (as defined below) and the transactions contemplated thereunder.

LOAN AGREEMENT B

The principal terms of Loan Agreement B are set out below:

Date: 26 May 2022

Parties:

- (1) Pine Isle (as lender)
- (2) Mariner Bay (as lender)
- (3) JV Company B (as borrower)

Drawdown: The term provided in the Loan Agreement B during which the JV Company B may draw down on any portion of the loan from Pine Isle and Mariner Bay, on each occasion in proportion to their respective effective shareholdings held in the JV Company B, expires on 26 May 2027, subject to extension as may be agreed by the parties.

Interest and repayment: The amounts drawn and outstanding under the Loan Agreement B will be interest-free, unsecured and without fixed term of repayment.

The JV Company B is the project company for the development of the JV Project and is also owned indirectly by Pine Isle as to 40% and by Mariner Bay as to 60%. The shareholders' loans from Pine Isle and Mariner Bay to the JV Company B under the Loan Agreement B will be made in proportion to their respective effective shareholding interests in the JV Company B and on the same terms. The loan amount borne by Pine Isle, therefore indirectly by the Company, under the Loan Agreement B will be up to HK\$600 million ("Loan B").

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

LETTER FROM THE BOARD

REASONS FOR THE PROVISION OF FINANCIAL ASSISTANCE

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

The proceeds from the shareholders’ loans made under the Loan Agreement B to the JV Company B has been fully used to partially prepay/repay the Banking Facilities upon expiry of their original maturity on 26 May 2022. The partial prepayment/repayment of the Banking Facilities is the prerequisite for the extension of the maturity date of the Banking Facilities. The outstanding amount of the Extended Banking Facilities upon expiry of the extended maturity date will be repaid by using the pre-sale and/or sale proceeds from the JV Project. The JV Project is a joint venture project between the Company (owned as to 40%) and Hysan (owned as to 60%) to develop and sell low-density residential properties located at Lo Fai Road, Tai Po, in respect of which pre-sale consent has been obtained and is expected to be completed in the first quarter of 2023.

Taking into consideration the latest recoverable amounts from the underlying assets of the JV Project, the Directors consider that there is no significant credit risk on Loan B. The Directors also consider that it is common in the market for shareholder loans advanced to non-cross border joint ventures or related companies to be without security, without a fixed repayment term and may or may not be interest-bearing. Taking into further consideration that there will be no tax differentiation on a consolidation basis, Loan B was determined to be interest-free. This decision is made with reference to and in line with market practice, and the terms of Loan B are reasonable and on normal commercial terms.

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

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

The Company is an investment holding company incorporated in the Cayman Islands, the securities of which are listed on the Stock Exchange. The Group is principally engaged in property development, property investment, transportation services and property management, hotel operations and leisure businesses.

LETTER FROM THE BOARD

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

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

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

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

LISTING RULES IMPLICATIONS AND ADDITIONAL INFORMATION

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

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

LETTER FROM THE BOARD

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

	Banking Facilities	Extended Banking Facilities
Maximum Principal Amount	HK\$5,000 million	No change
Purpose	<p>(a) To partially refinance the land premium paid as regards a maximum of 50% of the land premium paid; and</p> <p>(b) To finance or refinance construction costs</p>	<p>(a) To partially refinance the land premium paid as regards a maximum of 40% of the land premium paid; and</p> <p>(b) To finance or refinance construction costs as regards a maximum of 80% of the construction costs</p>
Final Maturity	60 months from the date of the Facility Agreement (i.e. 26 May 2022)	18 months from the date of the Supplemental Agreement (i.e. 26 November 2023)
Interest	Sum of HIBOR of relevant Interest Period and 0.65% per annum	Sum of HIBOR of relevant Interest Period and 0.79% per annum
Lender(s)	4 financial institutions (including the Bank)	The Bank
Guarantee	As security for the JV Company B's obligation under the Banking Facilities, the Company and Hysan provided guarantees in favour of the Bank as security agent on a several basis in proportion to their respective effective interests in the JV Company B, i.e. 40% and 60% respectively	No change

LETTER FROM THE BOARD

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

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

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

LETTER FROM THE BOARD

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

FINANCIAL EFFECTS OF THE LOAN TRANSACTION

The Group will finance the loans made pursuant to the Loan Agreement B from internal resources. As the Group's principal joint ventures, the results and assets and liabilities of both JV Company A and JV Company B are incorporated into the Group's consolidated financial statements using the equity method of accounting, as such the financial effects of Loan B to the Group was an increase in loan to joint venture (non-current assets) and a corresponding decrease in cash balance of HK\$600 million (current assets).

RECOMMENDATION

This circular is despatched to Shareholders for information purposes only. Although no general meeting will be convened, the Directors (including the Independent Non-executive Directors) are of the view that the Loan Transaction, based on the reasons set out in the above paragraph "**REASONS FOR THE PROVISION OF FINANCIAL ASSISTANCE**", is fair and reasonable and are in the interests of the Company and the Shareholders as a whole. If a general meeting was convened for approving the Loan Transaction, the Board would recommend the Shareholders to vote in favour of the ordinary resolution(s) to approve the Loan Agreement B and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
CHA Mou Zing Victor
Executive Chairman

1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the years ended 31 March 2019, 2020 and 2021 were disclosed in the annual reports of the Company for the years ended 31 March 2019 (pages 87 to 246), 2020 (pages 90 to 242), and 2021 (pages 89 to 230). The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2021 is set out from pages 17 to 42 in the interim report of the Company for the six months ended 30 September 2021. The aforementioned financial information of the Group has been published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.hkri.com).

Please refer to the hyperlinks as stated below:

Annual Report for the year ended 31 March 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0715/ltn20190715508.pdf>

Annual Report for the year ended 31 March 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0716/2020071600963.pdf>

Annual Report for the year ended 31 March 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0720/2021072000605.pdf>

Interim Report for six months ended 30 September 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1202/2021120201102.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2022, the Group had unsecured outstanding bank and other loans of approximately HK\$11,045.5 million, in which HK\$2,694.5 million is provided with corporate guarantees for the amount in proportionate to the effective shareholdings of the Group and a non-controlling shareholder, and the remaining HK\$8,351.0 million are unguaranteed.

As at 30 April 2022, the Group had outstanding unsecured advances from non-controlling shareholders of certain subsidiaries of the Company of approximately HK\$1,667.2 million, unsecured club debentures issued by certain subsidiaries of the Company in the aggregate carrying amount of approximately HK\$814.8 million and lease liabilities of approximately HK\$58.5 million.

As at 30 April 2022, the loans to a joint venture by the Group amounting to approximately HK\$854.7 million were subordinated to banks to secure a banking facility granted to the joint venture.

The Group had financial guarantee contracts relating to corporate guarantees on the Group's proportionate shares to the extent of HK\$103.2 million and HK\$1,641.7 million as at 30 April 2022 given to banks in respect of banking facilities granted to an investee company and a joint venture respectively.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 April 2022, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, mortgages, debentures or debt securities issued and outstanding, charges, hire purchases commitments, or other material contingent liabilities.

The Directors have confirmed that, save as disclosed above, there has not been any material change in the indebtedness and contingent liabilities of the Group since 30 April 2022.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account the effect of the Loan Transaction, cash flow from operations, the facilities available and the Group's present available financial resources, the Group will have sufficient working capital for its present requirements for at least 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in property development and property investment in Hong Kong, mainland China and the Asia Pacific region. The provision of shareholders' loan represents the Group's continued financial support to a joint venture project (owned as to 40% by the Group and 60% by Hysan) in Hong Kong that offers more quality home choices to residents in the future Northern Metropolis. With the COVID-19 pandemic beginning to wane after the first quarter of 2022, the property market has displayed signs of having bottomed out. Market demand is still strong with accumulated pent-up demand. The Group remains positive towards the trading prospects of the local property development and investment sector.

5. MATERIAL ADVERSE CHANGE

The Directors confirm that there have been no material adverse changes in the financial or trading position or outlook of the Group since 31 March 2021, the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Directors' Interests

As at the Latest Practicable Date, the interests and short positions, if any, of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company or any 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 set out in Appendix 10 to the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in shares of the Company HK\$0.25 each

Name of director	Capacity	Number of ordinary share				Total	Approximate percentage of issued share capital
		Personal interests	Family interests	Corporate interests	Other interests		
Victor CHA	Beneficial owner and beneficiary of discretionary trusts	1,254,278	—	—	791,896,895 (Note a)	793,151,173	53.40
Johnson CHA	Beneficiary of discretionary trusts	—	—	—	790,469,647 (Note a)	790,469,647	53.22
Madeline WONG	Founder and/or beneficiary of discretionary trusts	—	—	—	789,684,882 (Notes b & c)	789,684,882	53.17
Ronald ARCULLI	Beneficiary of a trust	265,619	—	—	—	265,619	0.02
Loretta HO	Beneficial owner	94,160	—	—	—	94,160	0.01
TANG Moon Wah	Beneficial owner	148,720	—	—	—	148,720	0.01

Notes:

- (a) The shares belonged to certain but not identical discretionary trusts of which CCM Trust (Cayman) Limited (“CCM”) and LBJ Regents (PTC) Limited (“LBJ”) are the corporate trustees and the relevant Directors are among the members of the classes of discretionary beneficiaries.
- (b) 635,627,031 shares belonged to certain but not identical discretionary trusts of which CCM and LBJ are the corporate trustees and the Director is among the members of the classes of discretionary beneficiaries.
- (c) The Director is, under two separate discretionary trusts of which CCM and LBJ are corporate trustees, the founder and member of the classes of discretionary beneficiaries thereof. Such trusts are deemed to be interested in 154,057,851 shares in aggregate.

(ii) *Share options granted to the Directors pursuant to the share option schemes adopted by the Company on 8 September 2011 (which was terminated on 27 August 2021) and 25 August 2021*

Name of director	Date of grant (Note a)	Exercise price per share (HK\$)	Number of share options outstanding as at the Latest Practicable Date	Approximate percentage of issued share capital (Note b)
Victor CHA	28 February 2017	3.845	3,190,000	1.22
	12 March 2018	4.373	5,500,000	
	24 November 2021	3.028	9,500,000	
TANG Moon Wah	28 February 2017	3.845	2,200,000	0.77
	12 March 2018	4.373	3,300,000	
	24 November 2021	3.028	6,000,000	
CHEUNG Ho Koon	12 March 2018	4.373	440,000	0.23
	24 November 2021	3.028	3,000,000	
NGAN Man Ying	24 November 2021	3.028	3,000,000	0.20
Johnson CHA	28 February 2017	3.845	1,210,000	0.36
	12 March 2018	4.373	1,760,000	
	24 November 2021	3.028	2,400,000	

Name of director	Date of grant (Note a)	Exercise price per share (HK\$)	Number of share options outstanding as at the Latest Practicable Date	Approximate percentage of issued share capital (Note b)
Madeline WONG	28 February 2017	3.845	1,210,000	0.44
	12 March 2018	4.373	1,760,000	
	24 November 2021	3.028	3,500,000	
Ronald ARCULLI	28 February 2017	3.845	1,210,000	0.36
	12 March 2018	4.373	1,760,000	
	24 November 2021	3.028	2,400,000	
Linus CHEUNG	28 February 2017	3.845	550,000	0.18
	12 March 2018	4.373	880,000	
	24 November 2021	3.028	1,200,000	
Henry FAN	24 November 2021	3.028	1,200,000	0.08
Loretta HO	28 February 2017	3.845	770,000	0.19
	12 March 2018	4.373	880,000	
	24 November 2021	3.028	1,200,000	
Barbara SHIU	24 November 2021	3.028	600,000	0.04
TANG Kwai Chang	28 February 2017	3.845	220,000	0.15
	12 March 2018	4.373	880,000	
	24 November 2021	3.028	1,200,000	

(a) Share options granted on 28 February 2017 are exercisable during the period from 28 February 2017 to 27 February 2027.

Share options granted on 12 March 2018 are exercisable during the period from 12 March 2018 to 11 March 2028.

Share options granted on 24 November 2021 are exercisable during the period from 24 November 2021 to 23 November 2026

(b) The percentage is calculated based on the total number of issued shares of the Company as at the Latest Practicable Date (i.e. 1,485,301,803 shares of the Company).

Save as disclosed above and for certain Directors holding non-beneficial interests in the share capital of some of the subsidiaries of the Company as the nominee shareholders, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company and their respective associates held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code, 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) Long positions in shares of the Company of HK\$0.25 each

Name of shareholder	Capacity	Number of ordinary share	Approximate percentage of issued share capital
CCM Trust (Cayman) Limited	Corporate trustee	715,617,969 <i>(Note a)</i>	48.17
LBJ Regents (PTC) Limited	Corporate trustee	101,084,280 <i>(Note b)</i>	6.81
Mingly Corporation	Interest of controlled corporations	144,606,568 <i>(Note c)</i>	9.73
OEI Kang Eric	Interest of controlled corporations/Interest held jointly with another person	76,222,400 <i>(Note d)</i>	5.13
Claudio Holdings Limited	Interest of controlled corporations	74,560,800 <i>(Note e)</i>	5.02

Notes:

- (a) The shares interests comprise 571,011,401 shares held directly by CCM and 144,606,568 shares held indirectly through wholly-owned subsidiaries of Mingly Corporation (“Mingly”), which CCM is interested in 87.5% equity interest. CCM holds the above share interests 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. Ms Madeline WONG, being a Director, is also director of CCM.
- (b) The shares are held by LBJ 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. Ms Madeline WONG, Mr Victor CHA and Mr Johnson CHA, being Directors, are also directors of LBJ.
- (c) The shares are held indirectly by Mingly through its wholly-owned subsidiaries. Ms Madeline WONG, Mr Victor CHA and Mr Johnson CHA, being Directors, are also directors of Mingly.
- (d) As at 12 May 2021 as disclosed to the Stock Exchange, 4,936,800 shares are held jointly by OEI Kang Eric with another person and 71,285,600 shares are held by corporations (including Claudio Holdings Limited) controlled by OEI Kang Eric.
- (e) As at 14 May 2021 as disclosed to the Stock Exchange, the shares are held by, through corporations controlled by, Claudio Holdings Limited.

(ii) Other members of the Group

Name of subsidiary	Name of shareholder	Approximate percentage of issued share capital held in the subsidiary
Hong Kong Resort Company Limited (<i>Note</i>)	Baylink Investments Limited	50.0
Partner Ally Limited	Sumirin Hong Kong Limited	25.0

Note: Hong Kong Resort Company Limited is a holding company of 29 wholly-owned subsidiaries all of which Baylink Investments Limited is deemed to have a 50% indirect interest therein.

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

3. DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).
- (b) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have, since 31 March 2021 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (c) None of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of the Group.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

- (a) Mr Ronald ARCULLI is a non-executive director of Sino Hotels (Holdings) Limited ("SHH"), Sino Land Company Limited ("SLC") and Tsim Sha Tsui Properties Limited ("TSTP"). The businesses of SHH, SLC and TSTP involve at least some of property investment, property development, property management and hotel management and ownership. SHH, SLC and TSTP are all listed on the Stock Exchange.
- (b) Mr Johnson CHA is the non-executive chairman of Hanison Construction Holdings Limited ("Hanison") whose group's businesses consist of property investment, property development and property management. Hanison is listed on the Stock Exchange.

5. LITIGATION

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

6. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two years immediately preceding the date of this circular are, or may be, material:

- (a) the tender submitted by Regal Galaxy Investment Limited (“Regal Galaxy”) as the tenderer and accepted by Kingem Investment Limited as the vendor on 8 December 2020 regarding the successful tender by the Regal Galaxy for the purchase of all that piece or parcel of ground situate lying and being at Kowloon and registered in the Land Office as the Kowloon Inland Lot No.9230 and of and in the messuages erections and buildings thereon now known as United Daily News Centre, No. 21 Yuk Yat Street (also known as No.8 Kwei Chow Street), Kowloon at a consideration of HK\$310 million. Further details of the tender are set out in the announcement of the Company dated 8 December 2020.
- (b) the agreement entered into between 杭盛物業管理(杭州)有限公司 (Hangsheng Property Management (Hangzhou) Company Limited[#]) (“Hangsheng”) and 杭州潤灝置業有限公司 (Hangzhou Runhao Real Estate Co., Ltd.[#]) for Hangsheng acquire all 156 office units located at the 8th to 19th floors and the right of use of 62 parking lots at the 2nd floor and 4th floor basement, of a retail cum office building, namely Jinsha INCITY located at No. 97 Jinsha Avenue, Xiasha Sub-district, Qiantang District, Hangzhou at a total consideration of RMB413,563,056 (equivalent to approximately HK\$498.5 million). Further details of the agreement are set out in the announcement of the Company dated 17 September 2021.
- (c) the sale and purchase agreement entered into between DS Akasaka Godo Kaisha as purchaser and HKRJ Akasaka TMK as vendor on 8 October 2021 for the sale and purchase of the land and a 18-storey residential building, namely Horizon Place Akasaka with 94 units together with a basement of 54 vehicle parking spaces located at 8-2, Akasaka 6-chome, Minato-ku, Tokyo at a consideration of JPY9,654,850,000 (equivalent to approximately HK\$675.8 million). Further details of the agreement are set out in the announcement and circular of the Company dated 8 October 2021 and 28 October 2021 respectively.
- (d) the sale and purchase agreement entered into between DS Shibakoen Godo Kaisha as purchaser and HKRJ Haluwa TMK as vendor on 8 October 2021 for the sale and purchase of the land and a 15-storey flat roof residential building, namely Haluwa Shibakoen with 84 units together located at 208-1, Shiba 2-chome, Minato-ku, Tokyo at a consideration of JPY4,169,964,000 (equivalent to approximately HK\$291.9 million). Further details of the agreement are set out in the announcement and circular of the Company dated 8 October 2021 and 28 October 2021 respectively.

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

- (e) the sale and purchase agreement entered into between DS Nishishinjuku Godo Kaisha as purchaser and HKRJ Graphio GK as vendor on 8 October 2021 for the sale and purchase of the land and a 13-storey flat roof office building, namely Graphio Nishi-Shinjuku Building with 12 units located at 22-9, Nishi-Shinjuku, 1-chome, Shinjuku-ku, Tokyo at a consideration of JPY5,487,015,000 (equivalent to approximately HK\$384.1 million). Further details of the agreement are set out in the announcement and circular of the Company dated 8 October 2021 and 28 October 2021 respectively.
- (f) the sale and purchase agreement entered into between S721 Co. Ltd. as purchaser and HKRJ Souei Godo Kaisha as vendor on 15 February 2022 for the sale and purchase of the land and a 7-storey flat roof residential building, namely Souei Park Harajuki with 22 units located at 4-18, Sendagaya 3-chome, Shibuya-ku, Tokyo at a consideration of JPY1,806,000,000 (equivalent to approximately HK\$122.8 million). Further details of the agreement are set out in the announcement of the Company dated 15 February 2022.
- (g) the sale and purchase agreement entered into between S721 Co. Ltd. as purchaser and HKRJ Veneo Godo Kaisha as vendor on 15 February 2022 for the sale and purchase of the the land and a 6-storey flat roof residential building, namely Veneo Minami Azabu with 4 units located at 11-16, Minami-Azabu 4-chome, Minato-ku, Tokyo at a consideration of JPY1,684,800,000 (equivalent to approximately HK\$114.6 million). Further details of the agreement are set out in the announcement of the Company dated 15 February 2022.
- (h) the Loan Agreement A
- (i) the Loan Agreement B

7. MISCELLANEOUS

- (a) The secretary of the Company is Ms LEUNG Wai Fan. She is an associate member of The Hong Kong Chartered Governance Institute.
- (b) The registered office of the Company is at P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.
- (c) The principal place of business of the Company in Hong Kong is at 23/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.hkri.com>) from the date of this circular until 14 days hereafter:

- (a) the Loan Agreement A; and
- (b) the Loan Agreement B.