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## **HKR INTERNATIONAL LIMITED**

**香港興業國際集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 00480)**

### **DISCLOSEABLE TRANSACTION**

#### **ACQUISITION OF TRUST BENEFICIAL INTEREST IN A REAL PROPERTY IN JAPAN**

The Company is pleased to announce that the Purchaser, an indirect wholly-owned subsidiary of the Company, has entered into the Agreement with the Vendor on 29 March 2010 pursuant to which the Purchaser has agreed to acquire the Trust Beneficial Interest with the Property as the underlying entrusted asset for the Consideration of JPY4,500,000,000 (approximately HK\$387,000,000).

As one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

#### **THE ACQUISITION**

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#### **THE AGREEMENT**

##### **Date**

29 March 2010

## **Parties**

Purchaser: Ruthin Investments Pte Ltd

Vendor: Sapphire Line Two LLC

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

## **Trust Beneficial Interest to be Acquired**

Pursuant to the Trust Agreement, the beneficial interest of the trust with the Property as the underlying entrusted asset is currently vested with the Vendor.

The Property comprises land, an apartment building namely "Pacific Tower Akasaka Hikawacho" for 94 residential units and an attached building for 54 vehicle parking spaces located at Akasaka 6 Chome, Minato-ku, Tokyo, Japan

The Property is subject to tenancy agreements of which approximately 87% of the total residential units were leased as at 15 March 2010.

## **Consideration**

The Consideration of JPY4,500,000,000 (approximately HK\$387,000,000) comprises prices for the land and the building together with all consumption tax for the building (including local consumption tax) to be absorbed by the Purchaser.

The Consideration will be satisfied or paid by the Purchaser to the Vendor in the following manner:

- (i) JPY442,000,000 (approximately HK\$38,012,000) to be satisfied in cash or by the issue and delivery of the Bank Guarantee as down payment money within 5 business days upon signing of the Agreement; and
- (ii) full payment of the balance of the Consideration upon the Closing Date.

The Consideration was arrived at after arm's length negotiation between the Purchaser and the Vendor with reference to the prevailing market price of the Property, as well as the market value of the comparable properties in the vicinity of the Property. The Consideration will be satisfied by the Group's internal resources and bank borrowings.

## **Conditions Precedent**

Completion is subject to the satisfaction of certain conditions and the delivery of the relevant documents and title documents of the Property including, inter alia, the following unless otherwise waived by the Purchaser:

- (a) the written consent given by the Trustee for the transfer of the Trust Beneficial Interest contemplated under the Agreement;
- (b) a memorandum of understanding to be executed among the Contractor, the Trustee and the Purchaser to the effect that the warranty against defects and after-sale services borne by the Contractor under the Construction Work Agreement will continue to be borne by the Contractor in favour of the Purchaser;
- (c) a letter from each of the stipulated creditors of the Vendor agreeing not to exercise any right to file a petition for insolvency proceedings and a letter from the Existing Lender confirming that the Consideration is appropriate as the sales price for the Trust Beneficial Interest and the full amount of which will be appropriated to the repayment of the bank loan secured by the Trust Beneficial Interest due by the Vendor; and
- (d) the presentation by the Vendor of a release certificate for removal of the pledge created over the Trust Beneficial Interest in favour of the Existing Lender.

In the event of any breach of the terms and conditions of the Agreement, the Agreement shall be terminated by either party upon giving a written notice to the defaulting party. Other than for a valid termination because certain conditions precedent are not satisfied, the defaulting party, upon termination of the Agreement, is liable to pay to the non-defaulting party an amount equivalent to 20% of the Consideration (excluding all consumption tax for the building) as damages.

## **Completion**

Completion is intended to take place on or before 31 May 2010. Upon Completion, the Trust Beneficial Interest shall be transferred from the Vendor to the Purchaser or its affiliated company and the contractual position of the Vendor under the Trust Agreement shall simultaneously be transferred from the Vendor to the Purchaser or its affiliated company.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Property is located at the prime district of Akasaka, Minato-ku, Tokyo, Japan with proximity to metro stations.

The Property will be held by the Group for investment purposes. The Directors are of the view that the Acquisition will broaden the investment portfolio of the Group in Asia and generate steady and recurring income at market rate and the value of the Property may increase in a longer term.

The Directors consider that the terms and conditions of the Acquisition are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **GENERAL**

The principal business activity of the Company is investment holding. Its subsidiaries are principally engaged in property development and management, the provision of essential and recreational services for residential housing and leisure projects in Discovery Bay, Lantau Island, property investment, hotel operation, healthcare services, manufacturing and other investments.

As one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following terms have the following meanings:–

“Acquisition”	acquisition of the Trust Beneficial Interest by the Purchaser pursuant to the Agreement
“Agreement”	sale and purchase agreement dated 29 March 2010 made between the Vendor and the Purchaser in relation to the transfer of the Trust Beneficial Interest with the Property as the underlying entrusted asset
“Bank Guarantee”	guarantee issued by a bank acceptable by the Vendor for an amount of JPY442,000,000 (approximately HK\$38,012,000) in favour of the Vendor
“Closing Date”	31 May 2010 or any day before 31 May 2010 which has been agreed between the Vendor and the Purchaser
“Company”	HKR International Limited, a company incorporated in the Cayman Islands with limited liability, the issued securities of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Agreement
“Consideration”	JPY4,500,000,000 (approximately HK\$387,000,000) payable by the Purchaser to the Vendor as consideration for the Acquisition pursuant to the Agreement

“Construction Work Agreement”	construction work agreement dated 16 June 2006 executed between Cypress Development Corporation and the Contractor in relation to the Property
“Contractor”	ANDO Corporation, a company incorporated in Japan, the construction company for the Property under the Construction Work Agreement
“Directors”	board of directors of the Company
“Existing Lender”	Sumitomo Mitsui Banking Corporation, a commercial bank in Japan
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Property”	comprises land, an apartment building namely “Pacific Tower Akasaka Hikawacho” for 94 residential units and an attached building for 54 vehicle parking spaces located at Akasaka 6 Chome, Minato-ku, Tokyo, Japan
“Trust Beneficial Interest”	trust beneficial interest created under the Trust Agreement
“Purchaser”	Ruthin Investments Pte Ltd, a company incorporated in Singapore, an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Agreement”	property management and disposition trust agreement dated 28 June 2005 made between the initial entrustor, the initial beneficiary and the Trustee as the appointed trustee together with the supplemental agreements whereby the beneficial interest of the trust with the Property as the underlying entrusted asset is currently vested with the Vendor
“Trustee”	The Chuo Mitsui Trust and Banking Company, Limited, a company incorporated in Japan, the appointed Trustee under the Trust Agreement

“Vendor”	Sapphire Line Two LLC, a company incorporated in Japan, the current named beneficiary under the Trust Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JPY”	Japanese Yen, the lawful currency of Japan

This announcement contains conversion of certain JPY amounts into HK\$ amounts at the rate of JPY1 = HK\$0.086.

By order of the Board  
**HKR INTERNATIONAL LIMITED**  
**CHA Mou Zing Victor**  
*Deputy Chairman & Managing Director*

Hong Kong, 29 March 2010

*As at the date of this announcement, the board of directors of the Company comprises:*

***Chairman***

*Mr CHA Mou Sing Payson*

***Deputy Chairman & Managing Director***

*Mr CHA Mou Zing Victor*

***Executive Directors***

*Mr CHEUNG Tseung Ming*  
*Mr CHUNG Sam Tin Abraham*  
*Mr TANG Moon Wah*

***Non-executive Directors***

*The Honourable Ronald Joseph ARCULLI*  
*Mr CHA Mou Daid Johnson*  
*Mr CHEUNG Wing Lam Linus*  
*Ms HO Pak Ching Loretta*  
*Ms WONG CHA May Lung Madeline*

***Independent Non-executive Directors***

*Dr CHENG Kar Shun Henry*  
*Dr The Honourable CHEUNG Kin Tung Marvin*  
*Dr QIN Xiao*

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