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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**

Reference is made to the announcement dated 19 April 2022 in relation to the provision of financial assistance to a joint venture company. In summary, 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 the 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.

References are also made to the announcement dated 26 May 2022 and circular dated 16 June 2022 in relation to the provision of financial assistance to another joint venture company. In summary, Pine Isle and Mariner Bay entered into the Loan Agreement B with the JV Company B for the provision of another 5-year revolving loan facility in an aggregate sum up to HK\$1,500 million to the JV Company B. 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 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”), equivalent to 40% of the loan facility amount.

On 12 December 2023, Pine Isle and Mariner Bay, as the lenders, entered into the Loan Agreement C with the JV Company B, as the borrower, for the provision of an additional 5-year revolving loan facility in an aggregate sum up to HK\$2,000 million to the JV Company B for the partial repayment of the outstanding loan amount granted to the JV Company B under the Banking Facilities and for general working capital. The additional shareholders’ loans from Pine Isle and Mariner Bay to the JV Company B under the Loan Agreement C 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 C will be up to HK\$800 million (“Loan C”).

## **LISTING RULES IMPLICATIONS**

As the JV Company A and the JV Company B are involved in the same JV Project and the Company owns the same percentage shareholding in each of the JV Company A and the JV Company B (with the detailed relationships being 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 and Loan C with Loan A pursuant to Rule 14.22 of the Listing Rules. As the aggregate amount of Loan A, Loan B and Loan C exceeds 25% of one of the applicable percentage ratios under Rule 14.07 of the Listing Rules, the granting of Loan C in addition to Loan A and Loan B (“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 shareholder approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors’ knowledge, information and belief after 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 C, 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.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular, containing among other things, details of the Loan Transaction is required to be dispatched to the Shareholders within 15 Business Days after the publication of this announcement, which shall be on or before 5 January 2024.

## **BACKGROUND AND THE LOAN AGREEMENT C**

Reference is made to the announcement dated 19 April 2022 in relation to the provision of financial assistance to a joint venture company. In summary, 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 the 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.

References are also made to the announcement dated 26 May 2022 and circular dated 16 June 2022 in relation to the provision of financial assistance to another joint venture company. In summary, Pine Isle and Mariner Bay entered into the Loan Agreement B with the JV Company B for the provision of another 5-year revolving loan facility in an aggregate sum up to HK\$1,500 million to the JV Company B. 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 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”), equivalent to 40% of the loan facility amount.

On 12 December 2023, Pine Isle and Mariner Bay, as the lenders, entered into the Loan Agreement C with the JV Company B, as the borrower, for the provision of an additional 5-year revolving loan facility in an aggregate sum up to HK\$2,000 million to the JV Company B for the partial repayment of the outstanding loan amount granted to the JV Company B under the Banking Facilities and for

general working capital. The additional shareholders' loans from Pine Isle and Mariner Bay to the JV Company B under the Loan Agreement C 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 C will be up to HK\$800 million ("Loan C").

The term provided in the Loan Agreement C 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 12 December 2028, subject to extension as may be agreed by the parties. The amounts drawn and outstanding under the Loan Agreement C will be interest-free, unsecured and without fixed term of repayment.

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

## **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. As at the date of this announcement, the outstanding amount drawn down under the Banking Facilities, together with accrued interest, is around HK\$2,580 million. The Banking Facilities are guaranteed by the Group and Hysan on a several basis in proportion to their respective interests in JV Company B.

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 C. 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 C was determined to be interest-free. This decision is made with reference to and in line with market practice, and accordingly, the Directors consider that the Loan Agreement C represents normal commercial terms that are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

The Group will finance the loans made pursuant to the Loan Agreement C from internal resources. The provision of such financial assistance is not expected to have any material effect on the Group's results, total assets and total liabilities.

## **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.

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**

As the JV Company A and the JV Company B are involved in the same JV Project and the Company owns the same percentage shareholding in each of JV Company A and JV Company B (with the detailed relationships being 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 and Loan C with Loan A pursuant to Rule 14.22 of the Listing Rules. As the aggregate amount of Loan A, Loan B and Loan C exceeds 25% of one of the applicable percentage ratios under Rule 14.07 of the Listing Rules, the granting of Loan C in addition to Loan A and Loan B (“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 shareholder approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors’ knowledge, information and belief after 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 C, 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.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular, containing among other things, details of the Loan Transaction is required to be dispatched to the Shareholders within 15 Business Days after the publication of this announcement, which shall be on or before 5 January 2024.

Moreover, reference is made to the announcement of the Company dated 26 May 2017. The previous shareholder loans (excluding the Loan B) 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 date of this announcement, the outstanding shareholder loans (excluding the Loan B and the Loan C) advanced to the JV Company B by the Group total HK\$892 million (“Outstanding Shareholder Loan Amount”). Further, after partial repayment of the outstanding loan amount under the Banking Facilities, the remaining principal sum owing thereunder by the JV Company B will be HK\$1,250 million, for which the Group has a contingent liability under its guarantee of HK\$500 million (being 40% thereof, “Residual Principal Guarantee”).

With the addition of Loan C (HK\$800 million), the total financial support (including Loan B, the Outstanding Shareholder Loan Amount and the Residual Principal Guarantee) provided by the Group to or for the benefit of the JV Company B will be HK\$2,792 million as at the date of this announcement, which remains below 8% of the Group’s assets per the assets ratio under Rule 14.07(1) of the Listing Rules.

By adding the further HK\$880 million shareholder’s loan agreed under the Loan Agreement A, the total committed financial assistance from the Group in respect of the JV Project will be HK\$3,672 million, 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 for the six months ended 30 September 2023, 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.

## DEFINITIONS

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

“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
“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

“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)
“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
“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
“Loan Agreement C”	the revolving loan facility agreement dated 12 December 2023 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”), 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 subsidiary, Mingly as described in (b) below) is the corporate trustee of certain but not identical discretionary trusts of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi Ming’s spouse and their issue;</p>

- (b) Mingly is a company incorporated in the British Virgin Islands with limited liability, indirectly owned as to 87.50% by CCM, and which has a direct interest in the Company of approximately 9.735% (representing 144,606,568 ordinary shares of the Company);
- (c) LBJ is a company incorporated in the British Virgin Islands with limited liability and which has a direct interest in the Company of approximately 6.182% (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 (d) below) is the corporate trustee for certain but not identical discretionary trusts of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi Ming's issue; and
- (d) Bie Ju is a company incorporated in the Cayman Islands with limited liability, wholly-owned by LBJ, and which has a direct interest in the Company of approximately 0.624% (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
“Pine Isle”	Pine Isle Holdings Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“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
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 12 December 2023

As at the date of this announcement, the Directors of the Company are:

***Executive Chairman***

Mr CHA Mou Zing Victor

***Non-executive Deputy Chairman***

Ms WONG CHA May Lung Madeline

***Executive Directors***

Mr TANG Moon Wah (*Managing Director*)

Mr CHEUNG Ho Koon

Mr LEE Ivan Wank-hay

Ms NGAN Man Ying

***Non-executive Directors***

Mr CHA Mou Daid Johnson

Mr CHA Yiu Chung Benjamin

***Independent Non-executive Directors***

Mr CHEUNG Wing Lam Linus

Mr FAN Hung Ling Henry

Ms Barbara SHIU

Mr TANG Kwai Chang

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