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

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

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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
IN THE FORM OF A NEW BANKING FACILITY**

A letter from the Board is set out on pages 6 to 12 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 January 2024

* 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:

“Agent”	Bank of China (Hong Kong) Limited as agent of the Finance Parties
“Banking Facility”	the term loan facility granted by a syndicate of banks in Hong Kong to the JV Company B in a total principal amount of HK\$2,500 million to refinance the outstanding amount of the Existing Indebtedness and to partially refinance the Shareholders’ Facilities
“Board”	the board of directors of the Company
“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
“Existing Banking Facilities”	the term loan 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 with maturity date on 26 February 2024
“Existing Facility Agreement”	a facility agreement dated 26 May 2017 entered into between, <i>inter alia</i> , the JV Company B (as borrower) and Bank of China (Hong Kong) Limited (as agent) (as supplemented, amended and/or restated from time to time) in relation to the granting of Existing Banking Facilities
“Existing Indebtedness”	the aggregate outstanding principal amount of the Existing Banking Facilities together with all accrued interest, any break costs and any amount owing, outstanding and/or payable under the Existing Facility Agreement or in respect of the Existing Banking Facilities as at the date of the utilisation of the Banking Facility
“Facility Agreement”	an agreement dated 27 December 2023 entered into between the JV Company B (as borrower), the Mandated Lead Arrangers, the Lenders, the Agent and the Security Agent for the purpose of granting the Banking Facility
“Finance Parties”	the Security Agent, the Agent, the Mandated Lead Arrangers and the Lenders
“Group”	the Company and its subsidiaries from time to time

DEFINITIONS

“Guarantee”	the several guarantee dated 27 December 2023 provided by the Company in favour of the Security Agent (for the benefit of the Secured Parties), pursuant to which the Company agreed to guarantee the Guaranteed Indebtedness, provided that the liability of the Company in respect of the Guaranteed Indebtedness or any part thereof payable or outstanding from time to time thereunder shall be several with that of Hysan under the Guarantee (Hysan), and shall be limited to 40% of the Guaranteed Indebtedness or the relevant part thereof and the liability of the Company is in proportion to the Group’s effective shareholding interest in the JV Company B
“Guarantee (Hysan)”	the several guarantee dated 27 December 2023 provided by Hysan in favour of the Security Agent (for the benefit of the Secured Parties), pursuant to which Hysan agreed to guarantee the Guaranteed Indebtedness, provided that the liability of Hysan in respect of the Guaranteed Indebtedness or any part thereof payable or outstanding from time to time thereunder shall be several with that of the Company under the Guarantee, and shall be limited to 60% of the Guaranteed Indebtedness or the relevant part thereof and the liability of Hysan is in proportion to Hysan’s effective shareholding interest in the JV Company B
“Guaranteed Indebtedness”	all present and future moneys and sums whatsoever (including all principal, interest, arrangement fee, agency fee, security agency fee, other fees, costs, charges and expenses) from time to time owing, due or payable or to become owing, due or payable by the JV Company B under or pursuant to the Facility Agreement and all the other finance documents relating to the Facility Agreement to which the JV Company B is a party
“HIBOR”	Hong Kong Interbank 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 Margin”	1.15% per annum

DEFINITIONS

“Interest Period”	each interest period in relation to the loan made or to be made under the Banking Facility selected by the JV Company B of one, two or three months or any other period agreed between the JV Company B and the Agent (acting on the instructions of all the Lenders) pursuant to the terms of the Facility Agreement
“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”	11 January 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Lenders”	Bank of China (Hong Kong) Limited and DBS Bank Ltd., Hong Kong Branch (incorporated in Singapore with limited liability), and each a Lender
“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

DEFINITIONS

“Major Shareholders”

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:

- (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;
- (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)

“Majority Lenders”

a Lender or Lenders whose commitments under the Facility Agreement aggregate $66\frac{2}{3}\%$ or more of the total commitments under the Facility Agreement (or, if the total commitments under the Facility Agreement have been reduced to zero, aggregated $66\frac{2}{3}\%$ or more of the total commitments under the Facility Agreement immediately prior to the reduction)

DEFINITIONS

“Mandated Lead Arrangers”	Bank of China (Hong Kong) Limited and DBS Bank Ltd. (incorporated in Singapore with limited liability) as mandated lead arrangers
“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
“Security Agent”	Bank of China (Hong Kong) Limited, as security agent of the Secured Parties
“Secured Parties”	(i) the Finance Parties, (ii) receiver(s) or receiver(s) and manager(s) or administrative receiver(s) of the whole or any part of the assets which are the subject matter of security securing the Banking Facility and (iii) delegate(s), agent(s), attorney(ies) or co-trustee(s) appointed by the Agent and/or the Security Agent
“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
“Shareholders’ Facilities”	the loan facilities granted by Mariner Bay and Pine Isle to the JV Company B for the JV Project
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strongbod”	Strongbod Limited, a company incorporated in the British Virgin Islands, which is directly owned as to 40% by Pine Isle and 60% by Mariner Bay



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

Mr CHA Mou Zing Victor (*Chairman*)
Mr TANG Moon Wah (*Managing Director*)
Mr CHEUNG Ho Koon
Mr LEE Ivan Wank-hay
Ms NGAN Man Ying
Ms WONG CHA May Lung Madeline[#] (*Deputy Chairman*)
Mr CHA Mou Daid Johnson[#]
Mr CHA Yiu Chung Benjamin[#]
Mr CHEUNG Wing Lam Linus[△]
Mr FAN Hung Ling Henry[△]
Ms Barbara SHIU[△]
Mr TANG Kwai Chang[△]

[#] *Non-executive Directors*

[△] *Independent Non-executive Directors*

Registered Office:

P.O. Box 309, Uglan 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 January 2024

Dear Shareholders,

**MAJOR TRANSACTION
PROVISION OF FINANCIAL ASSISTANCE
TO A JOINT VENTURE DEVELOPMENT PROJECT
IN THE FORM OF A NEW BANKING FACILITY**

INTRODUCTION

References are made to the announcements of the Company dated 19 April 2022, 26 May 2022, 12 December 2023 and 27 December 2023 as well as the circulars of the Company dated 16 June 2022 and 5 January 2024. 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 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.

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LETTER FROM THE BOARD

On 26 May 2022, 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 entered into the Loan Agreement C with the JV Company B 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 Existing Banking Facilities and for general working capital. 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”), equivalent to 40% of the loan facility amount.

On 27 December 2023, JV Company B (as the borrower) entered into the Facility Agreement with, among others, the Mandated Lead Arrangers and the Lenders to refinance the outstanding amount of the Existing Indebtedness and to partially refinance the Shareholders’ Facilities. In connection with the Facility Agreement, on 27 December 2023, the Company, as guarantor in respect of the JV Company B’s obligations under the Banking Facility, executed the Guarantee in favour of the Security Agent (as security agent for the benefit of the Secured Parties).

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, the Company has treated it as appropriate to aggregate Loan A, Loan B, Loan C and the amount guaranteed by the Company under the Guarantee (collectively, the “Loan Transaction”) 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 and the transactions contemplated thereunder.

THE BANKING FACILITY AND THE GUARANTEE

Banking Facility

The principal terms of the Banking Facility are set out below:

Date:	27 December 2023
Amount of loan:	Term loan of up to a principal amount of HK\$2,500 million
Purpose:	To refinance the Existing Indebtedness and partially refinance the Shareholders’ Facilities
Final Maturity:	The date falling 24 months after the date of the Facility Agreement
Interest:	Sum of HIBOR of the relevant Interest Period and Interest Margin

LETTER FROM THE BOARD

- Repayment:** The principal amount of the Banking Facility will be repaid in four instalments (with the first three repayment instalments of HK\$200 million each to be repaid on the dates falling 6, 12 and 18 months from the date of the Facility Agreement, and the balance of the outstanding amount of the principal, together with all accrued interest and all other moneys payable thereon, shall be repaid in full upon Final Maturity). The JV Company B may prepay the whole or any part of the borrowed amount before Final Maturity subject to certain conditions as set out in the Facility Agreement
- Security:** The security for the Banking Facility includes, among other things, (i) a first ranking mortgage to be granted by the JV Company B over the properties (from time to time yet to be sold) on the Plots; (ii) a debenture to be granted by the JV Company B incorporating a first floating charge over all the JV Company B's undertaking, property and assets and a first fixed charge over certain bank accounts of the JV Company B; (iii) a share mortgage to be granted by Strongbod over the entire issued share capital, present or future, of the JV Company B; (iv) a subordination agreement (incorporating assignment of loan) to be granted by Mariner Bay and Pine Isle (as subordinated lenders) and the JV Company B (as borrower); (v) an assignment of sale proceeds (incorporating a charge over account) to be granted by the JV Company B in respect of all sale proceeds derived from the JV Project; (vi) an assignment of rental proceeds (incorporating a charge over account) to be granted by the JV Company B in respect of all rental proceeds derived from the JV Project; and (vii) an assignment of insurance to be granted by the JV Company B in respect of insurances relating to the JV Project, all to be granted in favour of the Security Agent (as security agent for the benefit of the Secured Parties)
- Guarantee:** The Banking Facility is guaranteed by the Company (pursuant to the Guarantee) and Hysan (pursuant to the Guarantee (Hysan)) on a several basis pro-rata to their respective effective shareholdings in the JV Company B
- Other Conditions:** Other than the usual financial covenants, each of the Company and Hysan has severally undertaken to remain listed on the Stock Exchange and, save for any purely technical reason acceptable to the Majority Lenders (acting reasonably), its shares may not be suspended from trading for more than 15 consecutive trading days
- Draw Down and Other Matters:** The JV Company B has drawn down the entire facility amount of the Banking Facility on 28 December 2023

LETTER FROM THE BOARD

Guarantee

On 27 December 2023, the Company, as guarantor in respect of the JV Company B's obligations under the Banking Facility, executed the Guarantee in favour of the Security Agent (as security agent for the benefit of the Secured Parties) to guarantee the due and prompt payment by the JV Company B of the Guaranteed Indebtedness. The liability of the Company in respect of the Guaranteed Indebtedness (or any part thereof payable or outstanding from time to time thereunder) is several with that of Hysan under the Guarantee (Hysan), and is limited to 40% of the Guaranteed Indebtedness (or the relevant part thereof), equating to the Group's effective shareholding interest in the JV Company B. The liability of the Company in relation to the principal amount of the Banking Facility is HK\$1,000 million.

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 Existing Facility Agreement with a syndicate of banks for the provision of the Existing Banking Facilities in an aggregate principal amount of up to HK\$5,000 million for the purposes 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 Existing Banking Facilities, which were extended in May 2022 and further extended in November 2023, with maturity date on 26 February 2024.

On 28 December 2023, the Banking Facility was fully drawn down and used to repay the outstanding amount of the Existing Indebtedness of HK\$1,251 million in full, with the balance of the proceeds being used to partially repay the Shareholders' Facilities.

The Banking Facility was granted by the syndicate of financial institutions after arm's length negotiation, which bears what the Directors consider to be a normal commercial interest rate and fees on normal commercial terms that are fair and reasonable and in the best interests of the Company and its Shareholders as a whole. Having taken into consideration the terms of the Guarantee and that the Company would be responsible for 40% of the Guaranteed Indebtedness (representing its proportionate shareholding interest in the JV Company B) on a several basis, the Directors are of the view that the terms of the Guarantee are on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

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. Strongbod 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 qualified purchasers of residential units developed pursuant to the JV Project.

LETTER FROM THE BOARD

The JV Company B is a company incorporated in Hong Kong with limited liability and is directly wholly-owned by Strongbod. 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.

Bank of China (Hong Kong) Limited (being a Mandated Lead Arranger, a Lender, the Agent and the Security Agent under the Facility Agreement) is a licensed bank in Hong Kong and its holding company, BOC Hong Kong (Holdings) Limited is listed on the Main Board of the Stock Exchange (stock code: 2388). DBS Bank Ltd. (being a Mandated Lead Arranger and a Lender under the Facility Agreement) is wholly-owned by DBS Group Holdings Ltd, the securities of which are listed on the Singapore Exchange (stock code: D05), and is engaged in a range of commercial banking and financial services, principally in Asia.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, (i) Mariner Bay and its ultimate beneficial owner, Hysan, (ii) Bank of China (Hong Kong) Limited and its ultimate beneficial owners; and (iii) DBS Bank Ltd. and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS AND ADDITIONAL INFORMATION

As JV Company A and JV Company B are involved in the same JV Project and the Company indirectly 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 PARTIES**”), the Company has treated it as appropriate to aggregate Loan A, Loan B, Loan C and the amount guaranteed by the Company under the Guarantee pursuant to Rule 14.22 of the Listing Rules. As the aggregate amount of Loan A, Loan B, Loan C and the amount guaranteed by the Company under the Guarantee (calculated with reference to the Company's liability in relation to the principal amount of the Banking Facility), in total representing HK\$3,280 million, exceeds 25% of one of the applicable percentage ratios under Rule 14.07 of the Listing Rules, the provision of Guarantee in addition to Loan A, Loan B and Loan C 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.

LETTER FROM THE BOARD

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 Guarantee, 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.

Moreover, reference is made to the announcement of the Company dated 26 May 2017. The original shareholder loans advanced to the JV Company B by the Company represented 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 for 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 balance owed by the JV Company B to the Group in respect of the Original Commitments stands at HK\$892 million ("Original Shareholder Loan").

With the addition of the amount guaranteed by the Company under the Guarantee (HK\$1,000 million in relation to the principal amount of the Banking Facility), but excluding the balance guaranteed by the Company under the Existing Banking Facilities (on the basis that the same has been refinanced via the Banking Facility), the total financial support (including Loan B, Loan C and Original Shareholder Loan) provided by the Group to the JV Company B is HK\$3,292 million as at the Latest Practicable Date, which remains below 8% of the Group's assets per the assets ratio under Rule 14.07(1) of the Listing Rules.

Moreover, by adding the further HK\$880 million shareholder's loan to the JV Company A agreed under the Loan Agreement A, the total committed financial assistance from the Group in respect of the JV Project is HK\$4,172 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 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.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE GUARANTEE

As the facility amount from the Banking Facility has been used to refinance the Existing Indebtedness and partially refinance the Shareholders' Facilities, the financial effects of the Guarantee to the Group was (i) a decrease in loan to be advanced by the Company to joint venture (non-current assets) accompanying an increase in cash balance by HK\$500 million (current assets); (ii) a full release of guarantee amount of approximately HK\$500 million provided by the Company in respect of the guaranteed indebtedness under the Existing Banking Facilities; and (iii) a recognition of an increase in contingent liability of HK\$1,000 million, representing the principal amount guaranteed by the Company under the Banking Facility, which offsets the released guarantee under the Existing Banking Facilities and results in a net increase of HK\$500 million in contingent liability of the Group.

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 section headed "**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 Transaction, the Guarantee 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 2021, 2022 and 2023 were disclosed in the annual reports of the Company for the years ended 31 March 2021 (pages 89 to 230), 2022 (pages 96 to 251), and 2023 (pages 96 to 239). The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2023 is set out from pages 20 to 46 in the interim report of the Company for the six months ended 30 September 2023. 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 2021:

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

Annual Report for the year ended 31 March 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0718/2022071800961.pdf>

Annual Report for the year ended 31 March 2023:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0711/2023071100306.pdf>

Interim Report for six months ended 30 September 2023:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1207/2023120700447.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 November 2023, the Group had unsecured outstanding bank and other loans of approximately HK\$10,423.3 million, in which HK\$2,644.1 million is provided with corporate guarantees for the amount proportionate to the effective shareholdings of the Group and a non-controlling shareholder, and the remaining HK\$7,779.2 million are unguaranteed.

As at 30 November 2023, the Group had outstanding unsecured advances from non-controlling shareholders of certain subsidiaries of the Company of approximately HK\$1,910.4 million, unsecured club debentures issued by certain subsidiaries of the Company in the aggregate carrying amount of approximately HK\$788.0 million and lease liabilities of approximately HK\$50.0 million.

As at 30 November 2023, the loans to a joint venture by the Group amounting to approximately HK\$1,630.3 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\$1,027.6 million as at 30 November 2023 given to banks in respect of banking facilities granted to a joint venture.

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 November 2023, 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 November 2023.

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. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

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 Guarantee 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. Despite the current difficult market situation, the Group remains positive towards the trading prospects of the local property development and investment sector in the long run.

5. MATERIAL ADVERSE CHANGE

The Directors confirm that there have been no material adverse changes in the financial or trading position of the Group since 31 March 2023, 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			Approximate percentage of issued share capital
		Personal interests	Other interest	Total	
Victor CHA	Beneficial owner and beneficiary of discretionary trusts	1,254,278	791,896,895 (Note a)	793,151,173	53.40
Madeline WONG	Founder and/or beneficiary of discretionary trusts	–	789,684,882 (Note b & c)	789,684,882	53.17
Johnson CHA	Beneficiary of discretionary trusts	–	790,469,647 (Note a)	790,469,647	53.22
Benjamin CHA	Beneficiary of discretionary trusts	–	780,233,599 (Note a)	780,233,599	52.53
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 and 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 the 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	1.86
	12 March 2018	4.373	5,500,000	
	24 November 2021	3.028	9,500,000	
	4 October 2023	1.636	9,500,000	
TANG Moon Wah	28 February 2017	3.845	2,200,000	1.18
	12 March 2018	4.373	3,300,000	
	24 November 2021	3.028	6,000,000	
	4 October 2023	1.636	6,000,000	
CHEUNG Ho Koon	12 March 2018	4.373	440,000	0.43
	24 November 2021	3.028	3,000,000	
	4 October 2023	1.636	3,000,000	
Ivan LEE	12 March 2018	4.373	220,000	0.16
	24 November 2021	3.028	600,000	
	4 October 2023	1.636	1,500,000	
NGAN Man Ying	24 November 2021	3.028	3,000,000	0.40
	4 October 2023	1.636	3,000,000	
Madeline WONG	28 February 2017	3.845	1,210,000	0.67
	12 March 2018	4.373	1,760,000	
	24 November 2021	3.028	3,500,000	
	4 October 2023	1.636	3,500,000	

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)
Johnson CHA	28 February 2017	3.845	1,210,000	0.52
	12 March 2018	4.373	1,760,000	
	24 November 2021	3.028	2,400,000	
	4 October 2023	1.636	2,400,000	
Benjamin CHA	4 October 2023	1.636	2,400,000	0.16
Linus CHEUNG	28 February 2017	3.845	550,000	0.26
	12 March 2018	4.373	880,000	
	24 November 2021	3.028	1,200,000	
	4 October 2023	1.636	1,200,000	
Henry FAN	24 November 2021	3.028	1,200,000	0.16
	4 October 2023	1.636	1,200,000	
Barbara SHIU	24 November 2021	3.028	600,000	0.12
	4 October 2023	1.636	1,200,000	
TANG Kwai Chang	28 February 2017	3.845	220,000	0.24
	12 March 2018	4.373	880,000	
	24 November 2021	3.028	1,200,000	
	4 October 2023	1.636	1,200,000	

Notes:

- (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.

Share options granted on 4 October 2023 are subject to vesting conditions (50% of the options granted shall be vested on 4 October 2024 and the remaining balance shall be vested on 4 October 2025) and early termination and are exercisable up to 3 October 2028.

- (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

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

Notes:

- (a) These shares interests comprise 571,011,401 shares held directly by CCM and 144,606,568 shares held indirectly through wholly-owned subsidiary 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 spouse and their issue. Mr Johnson CHA, 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 subsidiary. 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 28 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, save and except Mr Benjamin CHA has entered into a one year consultancy agreement with the Company effective on 1 August 2023, which is exempted from shareholders' approval and disclosure and other requirements under rule 14A.76 of the Listing Rules, 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 2023 (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, save and except Mr Johnson CHA is the non-executive chairman of Hanison Construction Holdings Limited (a company listed on the Stock Exchange whose group's businesses consist of property investment, property development and property management), none of the Directors had any interest 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.

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 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 Harajuku 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;

- (b) 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;
- (c) two sets of sale and purchase agreements and novation agreements entered into between HKR Asia-Pacific Pte Ltd as the seller and the Company as the assignor and each of Dynamic Oasis Limited and Sunny Ray Limited respectively, as the purchasers/assignee on 1 February 2023 for the sale and purchase of in total 49% interests in Grace Ivory Co., Ltd., which hold a parcel of land on Wireless Road in Bangkok, Thailand, and the novation of the sale loans at a total consideration of HK\$705.2 million. Further details of the agreements are set out in the announcement of the Company dated 1 February 2023;
- (d) the Loan Agreement A;
- (e) the Loan Agreement B;
- (f) the Loan Agreement C; and
- (g) the Guarantee.

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;
- (b) the Loan Agreement B;
- (c) the Loan Agreement C; and
- (d) the Guarantee.