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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
REFURBISHMENT AGREEMENT

The Board is pleased to announce that on 31 October 2014, CDW, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Contractor under which the Contractor has agreed to undertake the Refurbishment Works for CDW to convert CDW Building from an industrial building into a commercial building in accordance with the approved building plan in the Contract Sum.

Since some applicable percentage ratios under rule 14.07 of the Listing Rules in respect of the Agreement are more than 5% but all applicable percentage ratios are less than 25%, the Agreement together with the transactions contemplated thereunder constitutes a discloseable transaction of the Company under rule 14.06 of the Listing Rules.

INTRODUCTION

On 31 October 2014, CDW, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Contractor under which the Contractor has agreed to undertake the Refurbishment Works for CDW to convert CDW Building from an industrial building into a commercial building in accordance with the approved building plan in the Contract Sum.

THE AGREEMENT

Date : 31 October 2014

Parties : (a) CDW, an indirect wholly-owned subsidiary of the Company; and
(b) the Contractor

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, the Contractor and its beneficial owner are third parties independent of the Company and its connected persons.

Refurbishment Works

Pursuant to the Agreement, the Contractor agreed to carry out the Refurbishment Works for CDW to convert CDW Building from an industrial building into a commercial building in accordance with the duly approved building plan. Such works include but not limited to demolition and alteration works including window facade, structural strengthening and structural repairing works; fitting out works including finishes, doors, wood works and decorative lighting etc.; metal works and railing; services diversion works; installation of window walls, aluminum windows and louvers, lift and escalator, mechanical parking, fire services, electrical works, air-conditioning, plumbing and drainage.

Contract Sum and payment terms

The Contract Sum is HK\$727,159,591.00 which was arrived at as a result of an invited tender conducted by the Company with reference to the standards required for the Refurbishment Works, the experience, the job reference of related nature of works and market position of the Contractor and the expected quality of the works.

The Contract Sum shall be payable by CDW to the Contractor in accordance with the certified sum on the progress of the stage completion of the Refurbishment Works from time to time on a monthly basis.

The Contract Sum will be financed by the internal resources and/or bank borrowings of the Group.

Duration of the Refurbishment Works

Tenancies in CDW Building will be terminated in stages to cope with the progress of the Refurbishment Works pursuant to the respective tenancy agreements. It is expected that the Refurbishment Works will commence in the second quarter of 2015 and will complete in around 20 months' time.

CDW Building

CDW Building is a 27-storey building completed in 1982 and located at Nos. 382-392 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong with the ground floor and the first floor for commercial use and the upper floors for industrial purpose. The Company has been holding it as an investment property for rental income since 2006.

A proposal in respect of the building (alterations and additions) was approved by the Buildings Department and CDW is currently applying for the conversion of the usage of the entire CDW Building from industrial to commercial at nil waiver fee under the Government's revitalisation measures to facilitate the redevelopment and wholesale conversion of older industrial buildings.

Upon completion of the Refurbishment Works, the Company shall continue to hold CDW Building as an investment property for rental income.

The revenue generated by CDW Building for the years ended 31 March 2013 and 2014 was approximately HK\$95.1 million and HK\$94.7 million respectively. The pre-tax net profit attributable to CDW Building was approximately HK\$81.9 million and HK\$80.5 million for the years ended 31 March 2013 and 2014 respectively. The after-tax net profit attributable to CDW Building was approximately HK\$68.4 million and HK\$67.2 million for the years ended 31 March 2013 and 2014 respectively. The Company anticipates to forego significant part of the revenue and profit generated from CDW Building during the period when the Refurbishment Works are underway in stages.

REASONS FOR AND BENEFITS OF THE REFURBISHMENT

The Refurbishment Works aim at renovating and refurbishing CDW Building to convert it into an entire commercial building as encouraged under the Government's revitalisation measures for qualified industrial buildings for conversion of the usage from industrial to commercial at nil waiver fee, improving the revenue generated therefrom and enhancing the commercial value of CDW Building for the benefit of the Company and its shareholders.

The Company is in the opinion that the terms of the Agreement are on normal commercial terms, which are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Since some applicable percentage ratios under rule 14.07 of the Listing Rules in respect of the Agreement are more than 5% but all applicable percentage ratios are less than 25%, the Agreement together with the transactions contemplated thereunder constitutes a discloseable transaction of the Company under rule 14.06 of the Listing Rules.

GENERAL INFORMATION

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, property management and related services, hotel and hospitality businesses and healthcare services.

CDW is an indirect wholly-owned subsidiary of the Company incorporated in the Cayman Islands and the registered owner of CDW Building which is held as an investment property for rental income.

The Contractor is a company incorporated in Hong Kong and is principally engaged in fitting-out, renovation, addition and alteration works.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Agreement” an agreement entered into between CDW and the Contractor on 31 October 2014 in respect of the Refurbishment Works;

“Board” the board of directors of the Company;

“CDW”	CDW Building Limited, a company incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of the Company;
“CDW Building”	A 27-storey industrial building completed in 1982 and located at Nos. 382-392 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong;
“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);
“Contractor”	Hsin Chong Interiors (Hong Kong) Limited, a company incorporated in Hong Kong;
“Contract Sum”	HK\$727,159,591.00, being the total contract sum for the Refurbishment Works under the Agreement;
“Directors”	the directors of the Company from time to time;
“Group”	the Company and its subsidiaries from time to time;
“Government”	the Government of Hong Kong;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Refurbishment Works”	the refurbishment works to be carried out for CDW Building under the Agreement include but not limited to demolition and alteration works including window facade, structural strengthening and structural repairing works; fitting out works including finishes, doors, wood works and decorative lighting etc.; metal works and railing; services diversion works; installation of window walls, aluminum windows and louvers, lift and escalator, mechanical parking, fire services, electrical works, air-conditioning, plumbing and drainage; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By order of the Board
HKR International Limited
CHA Mou Zing Victor
Deputy Chairman & Managing Director

Hong Kong, 3 November 2014

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 CHUNG Sam Tin Abraham

Mr TANG Moon Wah

Non-executive Directors

The Honourable Ronald Joseph ARCULLI

Mr CHA Mou Daid Johnson

Ms WONG CHA May Lung Madeline

Independent Non-executive Directors

Dr CHENG Kar Shun Henry

Mr CHEUNG Wing Lam Linus

Ms HO Pak Ching Loretta

Mr TANG Kwai Chang

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