
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **HKR International Limited**, you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

HKR

INTERNATIONAL LTD.
香港興業國際集團

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)

**CONTINUING CONNECTED TRANSACTIONS
FOR
CONSTRUCTION TRANSACTIONS AND RENOVATION TRANSACTIONS
WITH THE HANISON GROUP**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

 **SOMERLEY LIMITED**

A letter from the Independent Board Committee (as herein defined) containing its advice and recommendation to the Independent Shareholders (as herein defined) is set out on pages 12 and 13 of this circular. A letter from Somerley Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 23 of this circular.

A notice convening the EGM (as herein defined) to be held at Meeting Room S226–S227 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Monday, 4 February 2013 at 11:30 a.m. is set out on pages 31 and 32 of this circular and a form of proxy is also enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Investor Centre of the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. **Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.**

15 January 2013

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

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	5
Letter from the Independent Board Committee	12
Letter from Somerley Limited	14
Appendix – General Information	24
Notice of Extraordinary General Meeting	31

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Agreement”	the conditional Construction and Renovation Services Framework Agreement dated 20 December 2012 made between HKRI and Hanison subject to approvals from the Independent Shareholders and the Hanison Independent Shareholders;
“Articles”	amended articles of association of the Company adopted on 3 September 2009;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“CHA Family”	the family of the late Dr CHA Chi Ming, the founder and ex-chairman of HKRI;
“Company” or “HKRI”	HKR International Limited (香港興業國際集團有限公司), a company incorporated in the Cayman Islands with limited liability and the securities of which are listed on the main board of the Stock Exchange (stock code: 00480);
“Construction Project”	any project relating to (i) the construction of residential, commercial, school, hotel and recreational properties, buildings and related infrastructure and facilities of land bank in Discovery Bay and elsewhere in Hong Kong; and (ii) the large scale alteration and construction works (without demolition) in respect of CDW Building for which the HKRI Group may from time to time seek tenders;
“Construction Transactions”	the transactions between any member(s) of the HKRI Group on the one hand and any member(s) of the Hanison Group on the other to be entered into during the three financial years ending 31 March 2016 in relation to any Construction Project(s) in respect of any tender from the Hanison Group accepted by the HKRI Group;
“Continuing Connected Transactions”	the Construction Transactions and the Renovation Transactions;

DEFINITIONS

“Controlling Shareholders”

comprise the stakeholders of the CHA Family with interests in HKRI and Hanison, namely CCM Trust (Cayman) Limited (“CCM”), Mingly Asia Capital Limited (“Mingly”) and LBJ Regents Limited (“LBJ”), Mr CHA Mou Sing Payson and Mr CHA Mou Zing Victor, together, directly or indirectly interested in approximately 49.85% of HKRI and approximately 23.81% of Hanison (excluding their interests in Hanison held indirectly through HKRI which is approximately 49%), where:

(a) CCM is a company incorporated in the Cayman Islands with limited liability and which has a direct interest in HKRI of approximately 38.44% and in Hanison of approximately 19.30%. CCM (which is also indirectly interested in the shares of HKRI 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 issue, including Mr CHA Mou Sing Payson, Mr CHA Mou Zing Victor, Mr CHA Mou Daid Johnson, Mr CHA Yiu Chung Benjamin and Ms WONG CHA May Lung Madeline, who are directors of HKRI and/or Hanison;

(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 HKRI of approximately 3.04%;

(c) LBJ is a company incorporated in the British Virgin Islands with limited liability and which has a direct and indirect interest in HKRI of approximately 7.86% and in Hanison of approximately 4.23%. LBJ is the corporate trustee of certain but not identical discretionary trusts of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi Ming’s issue, including Mr CHA Mou Sing Payson, Mr CHA Mou Zing Victor, Mr CHA Mou Daid Johnson, Mr CHA Yiu Chung Benjamin and Ms WONG CHA May Lung Madeline, who are directors of HKRI and/or Hanison;

(d) Save as mentioned above, Mr CHA Mou Sing Payson has direct and other indirect interests in HKRI of approximately 0.42% and in Hanison of approximately 0.25%; and

DEFINITIONS

	(e) Save as mentioned above, Mr CHA Mou Zing Victor has a direct interest in HKRI of approximately 0.08% and in Hanison of approximately 0.03%;
“Director(s)”	director(s) of the Company from time to time;
“EGM”	extraordinary general meeting of HKRI to be convened for the purpose of approving the Agreement and the Continuing Connected Transactions, and any adjournment thereof;
“Hanison”	Hanison Construction Holdings Limited (興勝創建控股有限公司), a company incorporated in the Cayman Islands with limited liability and the securities of which are listed on the main board of the Stock Exchange (stock code: 00896). Hanison is indirectly owned as to approximately 49% by HKRI;
“Hanison Group”	Hanison and its subsidiaries from time to time;
“Hanison Independent Shareholders”	the independent shareholders of Hanison excluding, for all purposes in connection with the approval of the Agreement and the Continuing Connected Transactions, HKRI and its wholly-owned subsidiary, the Controlling Shareholders and their respective associates;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKRI Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent committee of the Board comprising Dr CHEUNG Kin Tung Marvin, Mr CHEUNG Wing Lam Linus and Ms HO Pak Ching Loretta, independent non-executive directors of the Company, established for the purpose of advising the Independent Shareholders in relation to the Agreement and the Continuing Connected Transactions;
“Independent Financial Adviser” or “Somerley”	Somerley Limited, a corporation licensed to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the Continuing Connected Transactions;

DEFINITIONS

“Independent Shareholders”	the independent shareholders of the Company excluding, for all purposes in connection with the approval of the Agreement and the Continuing Connected Transactions, the Controlling Shareholders and their respective associates;
“Latest Practicable Date”	9 January 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“Renovation Project”	any project relating to the ordinary maintenance and renovation services or assistance in relation to the properties owned, operated or managed from time to time by members of the HKRI Group;
“Renovation Transactions”	the transactions between member(s) of the HKRI Group on the one hand and any member(s) of the Hanison Group on the other to be entered into during the three financial years ending 31 March 2016 in relation to any Renovation Project(s);
“Services”	means construction, interior and renovation, maintenance and related services including the provision of services as main contractor and sub-contractor for a variety of works including superstructure, foundation, infrastructure facilities, maintenance construction renovation and interior decoration provided from time to time by members of the Hanison Group to members of the HKRI Group;
“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; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

LETTER FROM THE BOARD



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)

Directors:

Mr CHA Mou Sing Payson (*Chairman*)
Mr CHA Mou Zing Victor (*Deputy Chairman & Managing Director*)
Mr CHA Yiu Chung Benjamin
Mr CHUNG Sam Tin Abraham^o
Mr TANG Moon Wah
The Honourable Ronald Joseph ARCULLI[#]
Mr CHA Mou Daid Johnson[#]
Mr CHEUNG Tseung Ming[#]
Ms WONG CHA May Lung Madeline[#]
Dr CHENG Kar Shun Henry[^]
Dr CHEUNG Kin Tung Marvin[^]
Mr CHEUNG Wing Lam Linus[^]
Ms HO Pak Ching Loretta[^]
Dr QIN Xiao[^]

^o Also alternate to Mr CHA Mou Sing Payson

[#] Non-executive Directors

[^] Independent Non-executive Directors

Registered Office:

P.O. Box 309, Uglund House
Grand Cayman
KY1-1104, Cayman Islands

*Principal Place of Business in
Hong Kong:*

23/F, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

15 January 2013

To: Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
FOR
CONSTRUCTION TRANSACTIONS AND RENOVATION TRANSACTIONS
WITH THE HANISON GROUP**

INTRODUCTION

Reference is made to the joint announcement of the Company and Hanison dated 20 December 2012 relating to the Agreement. HKRI and Hanison have entered into the Agreement to provide a

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

LETTER FROM THE BOARD

framework for governing the outline terms upon which members of the HKRI Group and members of the Hanison Group propose to engage in the Construction Transactions and the Renovation Transactions during the three financial years ending 31 March 2016. The current arrangements between the two groups are due to expire on 31 March 2013.

HKRI has a 100% owned industrial building namely, CDW Building in Tsuen Wan which it proposes to undergo large scale alteration and construction works (without demolition) and other land banks in Hong Kong for development, particularly for the projects in Discovery Bay, Lantau Island which it proposes to develop overtime in phases. The development projects in Discovery Bay and elsewhere in Hong Kong will include residential, commercial, school and recreational projects, for which the HKRI Group proposes, from time to time, to request tenders. All construction projects are subject to the prescribed tendering procedures and scrutinised by independent consultants to secure the fairness and reasonableness on awarding contracts to any contractor. HKRI anticipates that the Hanison Group will wish to tender for some or all of these projects.

In addition, HKRI anticipates the prospect of engaging Hanison in relation to certain renovation works which members of the HKRI Group may from time to time require in relation to the properties and developments owned, operated or managed by members of the HKRI Group. The HKRI Group may or may not open such renovation works to tender depending on the size of the works involved.

The purpose of this circular is to provide you with details on the Agreement and the Continuing Connected Transactions, the recommendation of the Independent Board Committee and the advice of Somerley in respect of the Agreement and the Continuing Connected Transactions and to give notice of the EGM thereof.

THE AGREEMENT

Date of Agreement: 20 December 2012

Parties: (1) HKRI
(2) Hanison

Services: The Agreement represents a framework agreement pursuant to which it is envisaged by the parties that members of the Hanison Group will provide the Services to members of the HKRI Group in relation to all Construction Projects which form the subject of the Construction Transactions entered into between the members of the HKRI Group and members of the Hanison Group, and all Renovation Projects which form the subject of Renovation Transactions entered into between members of the HKRI Group and members of the Hanison Group.

LETTER FROM THE BOARD

Relevant members of the HKRI Group and relevant members of the Hanison Group will enter into subsidiary agreements covering the Construction Transactions and the Renovation Transactions envisaged under the Agreement. Each such subsidiary agreement will set out the particulars and the terms upon which particular Services will be rendered by the Hanison Group to the HKRI Group. The terms of each such subsidiary agreement must (i) comply with the terms of the Agreement; and (ii) be in compliance with the relevant requirements under the Listing Rules. Each such subsidiary agreement entered into pursuant to the Agreement, unless the Agreement is renewed in accordance with the Agreement, shall terminate, or be deemed to have been terminated, upon the termination of the Agreement.

The Construction Transactions and the Renovation Transactions to be entered into by the HKRI Group and the Hanison Group must be on normal commercial terms or terms no less favourable to the HKRI Group than those offered by the Hanison Group to independent third parties. The calculation of payments to be made shall be determined by reference to the size, nature and anticipated duration of the projects, the location, complexity of work and sub-contractors' costs as well as any other material factors agreed on a project by project basis. Payment of contract sum is effected in stages based on certified amount of work done with reference to the level of work completed.

Annual Caps:

The total value of the Construction Transactions to be entered into between the HKRI Group and the Hanison Group (in terms of certified amount of work done) for each of the three financial years ending 31 March 2016 shall not exceed the following (except as noted below):

1 April 2013 – 31 March 2014	HK\$320 million
1 April 2014 – 31 March 2015	HK\$430 million
1 April 2015 – 31 March 2016	HK\$610 million

The total value of Renovation Transactions to be entered into between the HKRI Group and the Hanison Group (in terms of certified/agreed amount of work done) for each of the three financial years ending 31 March 2016 shall not exceed the following (except as noted below):

1 April 2013 – 31 March 2014	HK\$50 million
1 April 2014 – 31 March 2015	HK\$50 million
1 April 2015 – 31 March 2016	HK\$50 million

LETTER FROM THE BOARD

In the event that the total value of the Construction Transactions or Renovation Transactions exceeds the amounts set out above respectively for any year, such transactions and their total value will be subject to review and re-approval by the Independent Shareholders and the Hanison Independent Shareholders as the case may be at the respective companies' next following annual general meetings or at extraordinary general meetings of HKRI and Hanison convened for this specific purpose.

Term: The Agreement will take effect as from 1 April 2013 and will continue thereafter for a term expiring on 31 March 2016. The parties agree to, prior to 31 March 2016 and subject to compliance with the Listing Rules and all applicable laws, to seek the approval of the Independent Shareholders and the Hanison Independent Shareholders to renew the Agreement for a further term of three years or to enter into a new agreement substantially in the same form as the Agreement, in either case, with effect from 1 April 2016. If either party fails to secure the aforesaid approval of its independent shareholders, the Agreement and each subsidiary agreement entered into under the Agreement shall terminate or be deemed to have been terminated effective on 1 April 2016. In any event that any subsidiary agreement, which is terminated, has not been completed at the time of termination, in relation to each such uncompleted subsidiary agreement, the parties shall make the arrangement or settlement in accordance with the Agreement including but not limited to seeking separate independent shareholders' approvals on those uncompleted agreements.

BASIS ON DETERMINATION OF ANNUAL CAPS

The annual caps in respect of the Construction Transactions referred to above were, in the first instance, determined and proposed by HKRI, based upon its own confidential assumptions as to its anticipated development plans for the three financial years ending 31 March 2016 (being information that it would not be appropriate for HKRI to share with Hanison or any other prospective tenderer) and other factors such as (i) the anticipated average construction costs per square metre for a range of standards and styles of residential and non-residential developments of the HKRI Group in terms of certified amount of work done; (ii) the estimated adjusted success rate of the Hanison Group tendering for the Construction Transactions, based upon the historical tendering success rate and participation rate of the Hanison Group over the past six years; (iii) a contingency for possible projects not yet identified for working out the annual caps for the moment; (iv) a buffer in respect of projected projects to allow for further upward adjustment in estimated certified sum in relevant years, whether because of acceleration or alteration of construction or delivery schedules which are not within HKRI's control; and (v) the estimated value of the Construction Transactions to be settled for existing contracts awarded to the Hanison Group up to the year ending 31 March 2013.

LETTER FROM THE BOARD

The annual caps in respect of Renovation Transactions are based upon (i) the estimated average cost of renovation work; (ii) estimated Renovation Projects for the three financial years ending 31 March 2016; and (iii) a contingency for possible additional renovation works.

PARTICULARS OF PAST CONTINUING CONNECTED TRANSACTIONS

Shareholders are reminded that the annual caps approved by the Independent Shareholders in March 2010 and the actual values on the aggregate turnover paid and/or payable by the HKRI Group to the Hanison Group in respect of the Construction Transactions and the Renovation Transactions over the three financial years ending 31 March 2013 were:

Construction Transactions

Financial Year	Annual Cap	Total Transaction Value
1 April 2010 – 31 March 2011	HK\$600 million	HK\$192 million
1 April 2011 – 31 March 2012	HK\$400 million	HK\$242 million
1 April 2012 – 31 March 2013	HK\$400 million	HK\$103 million ^{note}

Renovation Transactions

Financial Year	Annual Cap	Total Transaction Value
1 April 2010 – 31 March 2011	HK\$50 million	HK\$59,000
1 April 2011 – 31 March 2012	HK\$50 million	HK\$3,000
1 April 2012 – 31 March 2013	HK\$50 million	Nil ^{note}

Note: Being the total transaction value of the Construction Transactions and the Renovation Transactions made up to 31 December 2012.

REASONS FOR AND BENEFITS OF THE AGREEMENT

The commissioning of the Services and the provisioning of the Services represent activities within the ordinary and usual course of businesses of the HKRI Group and the Hanison Group respectively. Moreover, the Agreement provides the basic framework for future transactions for each of the HKRI Group and the Hanison Group and which each regards as being essential to the continued operation and growth of their respective businesses.

OPINIONS OF THE DIRECTORS

Members of the Board are of the opinion that the Agreement represents business that is in the ordinary and usual course for HKRI. They are also of the opinion that the Agreement reflects normal commercial terms that are arm's length and fair and reasonable so far as its Shareholders are concerned and is in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

As Hanison is an associate of the Controlling Shareholders of HKRI who, between them, are directly or indirectly interested in more than 30% of Hanison (including, for this purpose, their interests in Hanison held indirectly through HKRI), Hanison is a connected person of HKRI. Accordingly, the Agreement represents a continuing connected transaction for HKRI and is subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

GENERAL

Shareholders should note that, apart from the existing construction and renovation contracts, the Construction Transactions and the Renovation Transactions have yet to be entered into, and may ultimately not materialise. In particular, the Construction Transactions may not arise, for example, because HKRI awards the relevant tenders to other contractors or because the Independent Shareholders and/or the Hanison Independent Shareholders do not give their consent to HKRI and/or Hanison respectively for entering into the Agreement and the transactions contemplated thereunder. Accordingly, Shareholders and other investors are advised to exercise caution when dealing in the securities of HKRI.

VOTING AT EGM

Pursuant to rule 13.39(4) of the Listing Rules and article 80 of the Articles, the votes of the Independent Shareholders at the EGM will be taken by poll and the Company shall announce the results of the poll in the manner prescribed under rule 13.39(5) of the Listing Rules.

Pursuant to article 85 of the Articles, on a poll, every member present in person or by proxy or (being a corporation) is present by a duly authorised representative or a proxy shall have one vote for every fully-paid share of which he is the holder. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

The Controlling Shareholders and their respective associates will abstain from voting at the EGM on the underlying resolution. As at the Latest Practicable Date, the Controlling Shareholders control or are entitled to control 49.85% of the voting rights in the Company, and there are no associates of the Controlling Shareholders who control or are entitled to control any voting rights in the Company.

Mr CHA Mou Sing Payson, Mr CHA Mou Zing Victor, Mr CHA Mou Daid Johnson, Mr CHA Yiu Chung Benjamin and Ms WONG CHA May Lung Madeline, all being Directors of the Company and each having a material interest in the Agreement and the Continuing Connected Transactions, had abstained from voting on the Board resolution passed on 20 June 2012 for approving the same in principle. None of the other Directors has a material interest in the Agreement and the transactions contemplated thereunder or was required to abstain from voting on such Board resolution.

An announcement on the results of the EGM in respect of the Agreement will be made by the Company as soon as practicable after the conclusion of the EGM, in compliance with the requirements under the Listing Rules.

LETTER FROM THE BOARD

EGM

The notice convening the EGM is set on pages 31 and 32 of this circular and the form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Investor Centre of the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

INFORMATION ON THE COMPANY AND HANISON

The Company is an investment holding company incorporated in the Cayman Islands. The HKRI Group is principally engaged in property development, property investment, property management and related services, hotel and hospitality businesses and healthcare services.

Hanison is an investment holding company incorporated in the Cayman Islands. The Hanison Group is principally engaged in construction, interior and renovation works, supply and installation of building materials, property investments, property development, provision of property agency and management services and sale of health products.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out in this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM in relation to the Agreement and the Continuing Connected Transactions.

Your attention is also drawn to the letter from Somerley Limited set out in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders as regards the Agreement and the Continuing Connected Transactions and the principal factors and reasons considered by it in arriving thereat.

The Independent Board Committee has considered the terms of the Agreement and the advice given by Somerley and recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the Agreement and the Continuing Connected Transactions. The two other independent non-executive directors of the Company, who are not members of the Independent Board Committee, have no objection to those comments made by the Independent Board Committee.

Yours faithfully,
By order of the Board
CHA Mou Zing Victor
Deputy Chairman & Managing Director



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)

15 January 2013

To: the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
FOR
CONSTRUCTION TRANSACTIONS AND RENOVATION TRANSACTIONS
WITH THE HANISON GROUP**

INTRODUCTION

Reference is made to the circular dated 15 January 2013 issued by the Company to the Shareholders, of which this letter forms part. The terms defined in the circular shall have the same meanings when used in this letter, unless the context requires otherwise.

The Independent Board Committee has been constituted by the Board to advise the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder and to make a recommendation as to voting at the EGM. Somerley Limited has been appointed as the independent financial adviser to advise the Independent Board Committee on the fairness and reasonableness of the terms of the Agreement so far as the Independent Shareholders are concerned.

The terms of the Agreement and the transactions contemplated thereunder are summarised in the section headed “Letter from the Board” set out on pages 5 to 11 of the circular. In addition, you are strongly urged to read Somerley Limited’s letter to the Independent Board Committee and the Independent Shareholders, which is set out on pages 14 to 23 of the circular. As referred to in the section headed “Letter from the Board”, the Controlling Shareholders and their respective associates, as interested parties, will abstain from voting on the ordinary resolution to be proposed at the EGM for approving the terms of the Agreement and the transactions contemplated thereunder. Pursuant to rule 13.39(4) of the Listing Rules and article 80 of the Articles, the votes of the Independent Shareholders at the EGM will be taken by poll.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

The Independent Board Committee has met with the management of the Company and the independent financial adviser namely, Somerley Limited to discuss the Agreement and its reasons for entering into it and has considered Somerley Limited's letter.

Taking into account the principal factors and reasons considered and the recommendation given by Somerley Limited, the Independent Board Committee considers that the Agreement in respect of the Construction Transactions and the Renovation Transactions are both on normal commercial terms and in the ordinary and usual course of business of the HKRI Group. The Independent Board Committee considers that the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Moreover, the Independent Board Committee considers the respective annual caps for the Construction Transactions and the Renovation Transactions to be fair and reasonable.

Accordingly, the Independent Board Committee recommends that you vote in favour of the ordinary resolution as set out in the notice convening the EGM, for approving and ratifying the terms of the Agreement and the transactions contemplated thereunder (including the respective annual caps for the Construction Transactions and the Renovation Transactions) and authorising the directors of the Company to implement and effect the Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee of
HKR International Limited

CHEUNG Kin Tung Marvin

CHEUNG Wing Lam Linus

HO Pak Ching Loretta

Independent Non-executive Directors

LETTER FROM SOMERLEY LIMITED

The following is the text of the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY LIMITED
20th Floor
Aon China Building
29 Queen's Road Central
Hong Kong

15 January 2013

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS FOR CONSTRUCTION TRANSACTIONS AND RENOVATION TRANSACTIONS WITH THE HANISON GROUP

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the provision of construction, interior and renovation, maintenance and related services by the Hanison Group to the HKRI Group for the three financial years ending 31 March 2016 pursuant to the terms of the Agreement for which the Independent Shareholders' approval is being sought. Details of the Agreement, the Construction Transactions and Renovation Transactions (including the respective annual caps) are set out in the circular of the Company dated 15 January 2013 (the "Circular"), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

As at the Latest Practicable Date, the Company, together with its wholly-owned subsidiary, holds approximately 49% of the entire issued share capital of Hanison, and is therefore a substantial shareholder and a connected person of Hanison. The Controlling Shareholders of the Company together, are directly or indirectly interested in approximately 49.85% of the Company and approximately 23.81% of the entire issued share capital of Hanison (excluding their interest in Hanison held indirectly through the Company) as at the Latest Practicable Date. Accordingly, the Construction Transactions and Renovation Transactions contemplated under the Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The Controlling Shareholders and their respective associates will abstain from voting in relation to the resolution to be put forward at the EGM for the purpose of approving the Agreement (including the respective annual caps).

LETTER FROM SOMERLEY LIMITED

The Independent Board Committee, comprising three of the five independent non-executive Directors, namely Dr CHEUNG Kin Tung Marvin, Mr CHEUNG Wing Lam Linus and Ms HO Pak Ching Loretta, has been established to advise the Independent Shareholders whether the terms of the Agreement (including the respective annual caps) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We, Somerley, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors of the HKRI Group and have assumed that such information, facts and opinions are true, accurate and complete and will remain so up to the time of the EGM. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, or to doubt the truth, accuracy or completeness of the information provided. We have not however, conducted any independent investigation into the business and affairs of the HKRI Group or the Hanison Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Agreement (including the respective annual caps) are fair and reasonable in so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Background to and reasons for the Continuing Connected Transactions

The HKRI Group is principally engaged in property development, property investment, property management and related services, hotel and hospitality businesses and healthcare services.

From time to time, the HKRI Group requests tenders from outside contractors (including the Hanison Group) for its residential, commercial, hotel and recreational development projects. The principal business activities of the Hanison Group are construction, interior and renovation works, supply and installation of building materials, property investment, property development, provision of property agency and management services and sale of health products. The Hanison Group has been one of the principal contractors of the HKRI Group in respect of the residential properties and other related facilities and infrastructure in Discovery Bay and has developed familiarity with the HKRI Group's requirements over the years. The Hanison Group has also from time to time provided renovation services to the HKRI Group. According to the 2012 annual report of Hanison, the revenue generated from HKRI, totalling approximately HK\$242 million, accounted for approximately 20% of the total revenue of the Hanison Group for the year ended 31 March 2012.

LETTER FROM SOMERLEY LIMITED

The Construction and Renovation Services Framework Agreement (“Former Framework Agreement”) dated 20 January 2010 (including the annual caps for the three years ending 31 March 2013) was approved by the then independent shareholders of the Company and Hanison at their respective shareholders’ meetings held on 9 March 2010 and 22 March 2010, and is due to expire on 31 March 2013. Both the Company and Hanison anticipate that the Hanison Group will wish to continue to tender and participate in some or all of the Construction Projects and Renovation Projects of the HKRI Group following the expiry of the Former Framework Agreement. The parties have therefore entered into the Agreement to govern the outline terms of the Continuing Connected Transactions in the coming three years ending 31 March 2016.

2. Principal terms of the Agreement

Pursuant to the Agreement, the HKRI Group agrees that members of the Hanison Group shall be entitled to submit tenders for all or any of the Construction Projects and any tender so submitted will be given due and fair consideration in the context of all other tenders received by the HKRI Group. The HKRI Group may also from time to time engage the Hanison Group to provide or procure the provision of renovation services or assistance in relation to the properties owned, operated or managed from time to time by the members of the HKRI Group. Hanison shall not be obliged to submit tenders for any Construction Project or Renovation Project, nor will the Company be compelled to select Hanison in respect of any Construction Project or Renovation Project.

It is envisaged that services to be provided by the Hanison Group to members of the HKRI Group could be construction, interior and renovation, maintenance and related services including the provision of services as main contractor and sub-contractor for a variety of works including superstructure, foundation, infrastructure facilities, maintenance construction renovation and interior decoration. Relevant members of the HKRI Group and the Hanison Group will enter into subsidiary agreements covering the Continuing Connected Transactions envisaged under the Agreement. The terms of each subsidiary agreement must comply with the terms of the Agreement and the Listing Rules. Each of these subsidiary agreements shall terminate or deemed to have been terminated upon the termination of the Agreement.

The Continuing Connected Transactions to be entered into pursuant to the Agreement must be on normal commercial terms or terms no less favourable to the HKRI Group than those offered by the Hanison Group to independent third parties. The calculation of payments to be made shall be determined by reference to the size, nature and anticipated duration of the projects, the location, complexity of work and sub-contracting costs as well as any other material factors agreed on a project by project basis. Payment of contract sums is effected in stages based on the certified amount of work done with reference to the level of work completed.

LETTER FROM SOMERLEY LIMITED

3. Annual caps for the Continuing Connected Transactions

(a) *The Construction Transactions*

Pursuant to the Agreement, the Construction Transactions relate to the transaction between the HKRI Group and the Hanison Group regarding large scale alteration and construction works for CDW Building, an industrial building situated in Tsuen Wan wholly-owned by the HKRI Group, and any other project relating to the construction of residential, commercial, school, hotel and recreational properties, buildings and related infrastructure and facilities for which HKRI may from time to time seek tenders.

Review of historical figures

The table below sets out the transaction amounts of the construction services provided by the Hanison Group to the HKRI Group for each of the two years ended 31 March 2011 and 2012 and the nine months ended 31 December 2012 (the “Review Period”):

Provision of construction services by the Hanison Group to the HKRI Group	Year ended 31 March		Nine months ended
	2011	2012	31 December 2012
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Approved annual caps for each of the financial year	600	400	400
Actual amounts provided	192	242	103

We note that the annual caps in relation to the provision of construction services for the previous three financial years have not been fully utilised. According to the management of the HKRI Group, this was principally due to delays in the timing of project tendering and the progress of construction work, both of which are difficult to estimate and are subject to various uncertainties, including any technical difficulties identified during the planning or construction phase, and management’s decision regarding the timing of tendering, construction and subsequent marketing based on the prevailing property market conditions.

Tendering process

According to the management of the HKRI Group, the construction projects awarded to the Hanison Group during the Review Period are in general granted under competitive tendering processes. The HKRI Group keeps a list

LETTER FROM SOMERLEY LIMITED

of pre-qualified contractors who are eligible to participate in its tenders, based on their relevant experience, financial strength, quality of work and other relevant factors. In general, single contracts with values exceeding HK\$300,000 require a tendering process to be conducted for the selection of the most appropriate contractor. Invitations to submit an expression of interest will be sent to the pre-qualified contractors. A more detailed tender document with specification and drawings of the subject project will then be sent to those tenderers who indicate interest. To ensure openness and fairness, all potential tenderers will be given the same information on which to prepare their bids.

All tenders received for construction projects will be kept in a locked, non-transparent tender box until tender opening, at which point of time all of the tenders will be opened and details recorded. These tenders will be reviewed by independent professional consultants, who will then prepare tender analysis reports in respect of technical, contractual and financial aspects. The independent professional consultants will then recommend the most competitive tender to the Company.

We have reviewed various tender reports prepared by independent professional consultants for construction projects granted during the Review Period, and noted that the tenders submitted by and awarded to the Hanison Group were considered the most competitive among all other tenders and are in line with the recommendation from the independent professional consultants made in the tender analysis reports.

Assessment of the annual caps for the Construction Transactions

Set out below are the annual caps for the Construction Transactions for each of the three years ending 31 March 2016:

	Year ending 31 March		
	2014	2015	2016
	HK\$' million	HK\$' million	HK\$' million
Provision of construction services by the Hanison Group to the HKRI Group	320	430	610

In assessing the reasonableness of the annual caps, we have discussed with the management of the HKRI Group the basis and assumptions underlying the calculation of the annual caps. In calculating the annual caps for the Construction Transactions, the management of the HKRI Group based their view upon their own confidential assumptions as to anticipated development plans for the three years ending 31 March 2016 (being information that it would not be appropriate for the Company to share with Hanison or any other prospective tenderers) and other factors such as (i) the anticipated average

LETTER FROM SOMERLEY LIMITED

construction costs per square metre for a range of standards and styles of residential and non-residential developments of the HKRI Group; (ii) the estimated participation rate and success rate of the Hanison Group tendering for the Construction Transactions, based upon the historical tendering participation rate and success rate of the Hanison Group over the past six years; (iii) a contingency for possible projects not yet identified allowed for in working out the annual caps as at the Latest Practicable Date; (iv) a buffer in respect of projected projects to allow for further upward adjustment in estimated certified sum in relevant years, whether because of acceleration or alteration of construction or delivery schedules which are not within HKRI's control; and (v) the estimated value of the Construction Transactions to be settled for existing contracts awarded to the Hanison Group up to the year ending 31 March 2013.

During the three years ending 31 March 2016, the HKRI Group is expected to embark on a number of new construction projects, including residential, commercial and recreational property development projects, principally in Discovery Bay, where a large portion of the HKRI Group's previous property development projects are located. It is also expected that large scale alteration and construction works will be carried out for CDW Building in Tsuen Wan, which are expected to be completed before the expiry of the Agreement (i.e. 31 March 2016). The alteration and construction works involve, among other things, the conversion of the remaining majority units in CDW Building from industrial units to commercial units. The estimated construction costs in relation to the above Construction Projects have been taken into account in arriving at the annual caps of the Construction Transactions for the three years ending 31 March 2016.

We have reviewed the tendering schedule for the three years ending 31 March 2016 prepared by the projects department of the Company, which sets out the expected gross floor area and the estimated average construction unit cost for each property project. These projects require construction services including foundation, superstructure, site formation and slope stabilisation works for the HKRI Group's residential and non-residential projects in the coming three years ending 31 March 2016. We noted that the total estimated contract value is the product of the estimated construction unit cost and the expected gross floor area of each Construction Project.

As discussed with the management of the HKRI Group, it is expected that there will be construction works awarded to the Hanison Group but yet to be certified and accrued as at 31 March 2013, which are expected to be carried forward to the coming three years ending 31 March 2016. A buffer for potential projects has also been built in to the annual caps to allow reasonable flexibility for new unexpected projects, and also to allow for any acceleration or alteration of construction or delivery schedules which may in turn affect the actual certified amounts of work done for each of the coming three years. The actual value of the construction works to be certified and recognised in the HKRI Group's financial statements for the Construction Projects in each of the

LETTER FROM SOMERLEY LIMITED

coming three years ending 31 March 2016 may fluctuate in view of various uncertainties facing the HKRI Group including the construction scale and schedule, which are subject to the then prevailing market conditions.

(b) *The Renovation Transactions*

Pursuant to the Agreement, the Renovation Transactions relate to transactions between the HKRI Group and the Hanison Group regarding any project relating to ordinary maintenance and renovation services or assistance in relation to properties owned, operated or managed from time to time by the HKRI Group.

Review of historical figures

The table below sets out the transaction amounts of the Renovation Transactions during the Review Period:

Provision of renovation services by the Hanison Group to the HKRI Group	Year ended 31 March		Nine months ended
	2011	2012	31 December
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2012 HK\$'000</i>
Approved annual caps for each of the financial year	50,000	50,000	50,000
Actual amounts provided	59	3	–

We are advised by the management of the HKRI Group that there were no sizeable renovation projects awarded to the Hanison Group and only minor renovation works on properties were conducted by the Hanison Group during the Review Period. As such, the amount of renovation services to the Hanison Group was minimal as shown above.

According to the management of the HKRI Group, the renovation work performed by the Hanison Group during the Review Period in general result from direct quotation processes without going through tendering and selection processes. We understand that some renovation services may not warrant a tendering process given their relatively small scale. In the event that the tendering cost is expected to exceed the value of the renovation services or in the event that such renovation work is required to be completed within a relatively short time frame that makes a tendering process onerous, the HKRI Group will grant such renovation contract to the Hanison Group subject to the terms set out in the framework agreement and other detailed terms to be agreed between the HKRI Group and the Hanison Group at the time of grant.

LETTER FROM SOMERLEY LIMITED

Assessment of the annual caps for the Renovation Transactions

Set out below are the annual caps for the Renovation Transactions for each of the three years ending 31 March 2016:

	Year ending 31 March		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision of renovation services by the Hanison Group to the HKRI Group	50,000	50,000	50,000

In assessing the reasonableness of the annual caps for the Renovation Transactions, we have discussed with the management of the HKRI Group the basis and assumptions underlying the calculation of the annual caps. The annual caps in respect of Renovation Transactions are based upon (i) the respective estimated costs of renovations for the three years ending 31 March 2016, which are in general arrived at based on the estimated gross floor area of the properties which require renovation or touch-up in the coming three years, multiplied by the expected average cost of renovation per unit with reference to past experience in similar renovation projects, and (ii) a contingency for possible additional renovation works.

We are of the view that the basis and assumptions adopted by the HKRI Group in determining the total value of the Continuing Connected Transactions for the three years ending 31 March 2016 are fair and reasonable. Although they are arrived at based on the development plan of the HKRI Group, it is impossible for the HKRI Group to precisely determine the actual value of the Continuing Connected Transactions for each year. In the event that the total value of the Continuing Connected Transactions are expected to exceed the annual caps in any of the three years ending 31 March 2016, the Continuing Connected Transactions will be subject to review and re-approval by the Independent Shareholders and the Hanison Independent Shareholders at their respective general meetings.

LETTER FROM SOMERLEY LIMITED

4. Reporting requirements and conditions of the Continuing Connected Transactions

Pursuant to Rules 14A.37 to 14A.40, the Continuing Connected Transactions are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the Continuing Connected Transactions and confirm in the annual report and accounts that the Continuing Connected Transactions have been entered into:
 - (i) in the ordinary and usual course of business of the HKRI Group;
 - (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the HKRI Group than terms available to or from (as appropriate) independent third parties; and
 - (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) confirming that the Continuing Connected Transactions:
 - (i) have received the approval of the Board;
 - (ii) are in accordance with the pricing policies of the HKRI Group;
 - (iii) have been entered into in accordance with the relevant agreements governing the transactions; and
 - (iv) have not exceeded the respective annual caps;
- (c) the Company shall allow, and shall procure the relevant counterparties to the Continuing Connected Transactions to allow, the Company's auditors to have sufficient access to their records for the purpose of the reporting on the Continuing Connected Transactions as set out in paragraphs (b);
- (d) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or the auditors of the Company will not be able to confirm the matters set out in paragraphs (a) and (b) respectively.

LETTER FROM SOMERLEY LIMITED

In light of the reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of the value of the Continuing Connected Transactions by way of the annual caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company on the terms of the Continuing Connected Transactions and the respective annual caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and assist to safeguard the interests of the Independent Shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Agreement is on normal commercial terms and in the ordinary and usual course of business of the HKRI Group. We also consider that the terms of the Agreement (including the respective annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement (including the respective annual caps) and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
M.N. Sabine
Chairman

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 enquiries, 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 INTEREST

(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 and 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 for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) The Company

Long positions in shares of HK\$0.25 each

Name of director	Capacity	Number of Ordinary Shares				Total	Approximate percentage of issued share capital
		Personal interests	Family interests	Corporate interests	Other interests		
CHA Mou Sing Payson	Beneficial owner, interests of a controlled corporation and beneficiary of discretionary trusts	3,113,113	–	2,624,600 <i>(Note a)</i>	633,137,861 <i>(Note b)</i>	638,875,574	47.31
CHA Mou Zing Victor	Beneficial owner and beneficiary of discretionary trusts	1,140,253	–	–	629,498,383 <i>(Note b)</i>	630,638,636	46.70
CHA Mou Daid Johnson	Beneficiary of discretionary trusts	–	–	–	628,200,885 <i>(Note b)</i>	628,200,885	46.52
CHA Yiu Chung Benjamin	Beneficiary of discretionary trusts	–	–	–	618,895,387 <i>(Note b)</i>	618,895,387	45.83
WONG CHA May Lung Madeline	Founder and/or beneficiary of discretionary trusts	–	–	–	627,487,463 <i>(Notes c & d)</i>	627,487,463	46.47
Ronald Joseph ARCULLI	Beneficiary of a trust	241,472	–	–	–	241,472	0.02
CHUNG Sam Tin Abraham	Beneficial owner	315,084	–	–	–	315,084	0.02
HO Pak Ching Loretta	Beneficial owner	85,600	–	–	–	85,600	0.01
TANG Moon Wah	Beneficial owner	135,200	–	–	–	135,200	0.01

Notes:

(a) The shares were held by Accomplished Investments Limited, a corporation 100% owned by Mr CHA Mou Sing Payson.

(b) The shares belonged to certain but not identical discretionary trusts of which CCM Trust (Cayman) Limited and LBJ Regents Limited were the corporate trustees and the relevant Directors were among the members of the classes of discretionary beneficiaries.

(c) 577,842,756 shares belonged to certain but not identical discretionary trusts of which CCM Trust (Cayman) Limited and LBJ Regents Limited were the corporate trustees and the Director was among the members of the classes of discretionary beneficiaries.

(d) The Director was, under two separate discretionary trusts of which CCM Trust (Cayman) Limited and LBJ Regents Limited were corporate trustees, the founder and member of the classes of discretionary beneficiaries thereof. Such trusts were deemed to be interested in 49,644,707 shares in aggregate.

(ii) Associated corporation – Hanison

Long positions in shares of HK\$0.10 each

Name of director	Capacity	Number of Ordinary Shares				Total	Approximate percentage of issued share capital
		Personal interests	Family interests	Corporate interests	Other interests		
CHA Mou Sing Payson	Beneficial owner, interests of a controlled corporation and beneficiary of discretionary trusts	668,830	–	563,877 <i>(Note a)</i>	107,836,435 <i>(Note b)</i>	109,069,142	22.37
CHA Mou Zing Victor	Beneficial owner and beneficiary of discretionary trusts	163,336	–	–	107,150,201 <i>(Note b)</i>	107,313,537	22.01
CHA Mou Daid Johnson	Beneficiary of discretionary trusts	–	–	–	107,150,200 <i>(Note b)</i>	107,150,200	21.98
CHA Yiu Chung Benjamin	Beneficiary of discretionary trusts	–	–	–	105,150,973 <i>(Note b)</i>	105,150,973	21.57
WONG CHA May Lung Madeline	Founder and/or beneficiary of discretionary trusts	–	–	–	106,996,924 <i>(Notes c & d)</i>	106,996,924	21.95
Ronald Joseph ARCULLI	Beneficiary of a trust	51,878	–	–	–	51,878	0.01
CHUNG Sam Tin Abraham	Beneficial owner	58,018	–	–	–	58,018	0.01
HO Pak Ching Loretta	Beneficial owner	11,690	–	–	–	11,690	0.002

Notes:

(a) The shares were held by Accomplished Investments Limited, a corporation 100% owned by Mr CHA Mou Sing Payson.

(b) The shares belonged to certain but not identical discretionary trusts of which CCM Trust (Cayman) Limited and LBJ Regents Limited were the corporate trustees and the relevant Directors were among the members of the classes of discretionary beneficiaries.

(c) 105,150,973 shares belonged to certain but not identical discretionary trusts of which CCM Trust (Cayman) Limited and LBJ Regents Limited were the corporate trustees and the Director was among the members of the classes of discretionary beneficiaries.

(d) The Director was, under another discretionary trust of which LBJ Regents Limited was the corporate trustee, the founder and member of the classes of discretionary beneficiaries thereof. Such trust was deemed to be interested in 1,845,951 shares.

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 for Securities Transactions by Directors of Listed Companies of the Listing Rules, 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 HKRI Group:

(i) The Company

Long positions in shares of HK\$0.25 each

Name of shareholder	Capacity	Number of ordinary shares	Approximate percentage of issued share capital
CCM Trust (Cayman) Limited	Corporate trustee	560,153,905 <i>(Note a)</i>	41.48
LBJ Regents Limited	Corporate trustee	106,137,275 <i>(Note b)</i>	7.86
Invesco Hong Kong Limited	Investment manager/ advisor of various accounts	95,032,578 <i>(Note c)</i>	7.04

Notes:

(a) 560,153,905 shares were held by CCM Trust (Cayman) Limited 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. Mr CHA Mou Sing Payson and Ms WONG CHA May Lung Madeline, being directors of the Company, are also directors of CCM Trust (Cayman) Limited.

(b) 106,137,275 shares were held by LBJ Regents Limited 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. Mr CHA Mou Sing Payson, Mr CHA Mou Daid Johnson and Ms WONG CHA May Lung Madeline, being directors of the Company, are also directors of LBJ Regents Limited.

(c) 95,032,578 shares were held by Invesco Hong Kong Limited as investment manager and/or advisor of various accounts.

(ii) Other members of the HKRI Group

Name of subsidiary	Name of shareholder	Approximate percentage of issued share capital held in the subsidiary
Allmedco Group Limited (<i>Note a</i>)	LEE Wing Sum Savio	20.00
上海瑞安腫瘤診所有限公司	上海交通大學醫學院附屬瑞金醫院	30.00
Health & Care Group Limited (<i>Note b</i>)	SIN Chung Yin Ronald	24.05
	CHU Kai Yu	12.02
Hong Kong Resort Company Limited (<i>Note c</i>)	Baylink Investments Limited	50.00
Qualigenics Medical Limited	The Chinese University of Hong Kong Foundation Limited	20.00

Notes:

(a) Allmedco Group Limited is a 80%-owned subsidiary of Health & Care Group Limited which is a 57%-owned subsidiary of the Company.

(b) Health & Care Group Limited is a holding company of 7 wholly-owned subsidiaries all of which Dr SIN Chung Yin Ronald and Dr CHU Kai Yu are deemed to have the respective interests therein as in Health & Care Group Limited.

(c) Hong Kong Resort Company Limited is a holding company of 22 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 HKRI Group.

3. DIRECTORS' INTERESTS

(a) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the HKRI 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 2012 (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 HKRI Group, or were proposed to be acquired or disposed of by, or leased to, any member of the HKRI 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 HKRI Group.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

(a) The Honourable Ronald Joseph ARCULLI is an independent non-executive director of Hang Lung Properties Limited ("Hang Lung") and also the non-executive director of Hutchison Harbour Ring Limited ("Hutchison"), Sino Hotels (Holdings) Limited ("Sino Hotels"), Sino Land Company Limited ("Sino Land") and Tsim Sha Tsui Properties Limited ("TST Properties"). The businesses of Hang Lung, Hutchison, Sino Hotels, Sino Land and TST Properties involve at least some of property investment, property development, property management, treasury investment and hotel management and ownership. Hang Lung, Hutchison, Sino Hotels, Sino Land and TST Properties are all listed on the Stock Exchange.

(b) Mr CHA Mou Sing Payson is the chairman and non-executive director of Hanison, an associated corporation of the Company. He is also an independent non-executive director of New World Development Company Limited ("New World"), Eagle Asset Management (CP) Limited ("Eagle Asset"), manager of Champion Real Estate Investment Trust ("Champion") and Hongkong International Theme Parks Limited ("Theme Parks"), owner and operator of Hong Kong Disneyland Resort. The businesses of Hanison, New World, Eagle Asset, Champion and Theme Parks involve at least some of property investment, property development, property management, treasury investment and hotel management and ownership. Hanison, New World and Champion are all listed on the Stock Exchange.

(c) Mr CHA Mou Zing Victor is an independent non-executive director of SOHO China Limited (“SOHO”) and the alternate to Mr CHA Mou Sing Payson, an independent non-executive director of New World. The businesses of SOHO and New World involve at least some of property investment, property development, property management and hotel management and ownership. SOHO and New World are both listed on the Stock Exchange.

(d) Mr CHA Mou Daid Johnson is a non-executive director of Hanison whose group’s businesses consist of property investment, property development and property management. Hanison is listed on the Stock Exchange.

(e) Mr CHA Yiu Chung Benjamin is a non-executive director of Hanison whose group’s businesses consist of property investment, property development and property management. Hanison is listed on the Stock Exchange.

(f) Ms WONG CHA May Lung Madeline is a non-executive director of Chinney Investments, Limited (“Chinney”) and Hon Kwok Land Investment Company, Limited (“Hon Kwok”) whose groups’ businesses consist of property development, property investment and property management. Chinney and Hon Kwok are both listed on the Stock Exchange.

5. LITIGATION

As at the Latest Practicable Date, none of the members of the HKRI 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 HKRI Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the HKRI Group since 31 March 2012, being the date to which the latest published audited financial statements of the HKRI Group were made up.

7. QUALIFICATION AND CONSENT OF EXPERT

(a) The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Somerley	A licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities.

(b) As at the Latest Practicable Date, Somerley did not have any shareholding in any member of the HKRI Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the HKRI Group.

(c) As at the Latest Practicable Date, Somerley did not have any interest, direct or indirect, in any assets which have been, since 31 March 2012 (being the date to which the latest published audited accounts of the HKRI Group were made up), acquired or disposed of by or leased to any member of the HKRI Group, or are proposed to be acquired or disposed of by or leased to any member of the HKRI Group.

(d) Somerley has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name included herein in the form and context in which it appears.

8. GENERAL

The English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at 23/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, during normal business hours on any business day from the date of this circular until 14 days hereafter:

- (a) the Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from Somerley, the text of which is set out in this circular; and
- (d) the written consent referred to in the paragraph headed “Qualification and Consent of Expert” in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)**

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of HKR International Limited (the “Company”) will be held at Meeting Room S226–S227 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Monday, 4 February 2013 at 11:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (i) the construction and renovation services framework agreement dated 20 December 2012 entered into between the Company and Hanison Construction Holdings Limited (the “Agreement”), in respect of which a copy of the circular dated 15 January 2013 (the “Circular”) marked “A” and a copy of the Agreement marked “B” have been produced to the meeting and signed by the chairman of the meeting for the purpose of identification, and the terms of and the transactions contemplated thereunder (the “Continuing Connected Transactions”) be and are hereby approved, ratified and confirmed;
- (ii) the annual caps (as defined in the Circular) in relation to the Continuing Connected Transactions be and are hereby approved, ratified and confirmed; and
- (iii) any one director or directors of the Company be and is/are hereby authorised for and on behalf of the Company to execute all such documents and to do all such acts or things incidental to, ancillary to or in connection with the Continuing Connected Transactions.”

By order of the Board
MAK Sau Ching
Company Secretary

Hong Kong, 15 January 2013

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any member of the Company entitled to attend and vote at the extraordinary general meeting convened by the above notice (or at any adjournment thereof) is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
2. In case of joint registered holders of any share in the Company, any one of such persons may vote at the extraordinary general meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the extraordinary general meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to qualify for attending the extraordinary general meeting convened by the above notice, the main and branch registers of members of the Company will be closed on Thursday, 31 January and Friday, 1 February 2013. On both days, no transfer of shares will be registered. All transfers forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 30 January 2013.
4. The form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority, shall be deposited at the Investor Centre of the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai Hong Kong not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude a member from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof should he so wish.
5. With regard to the proposed resolution above, the Controlling Shareholders (as defined in the Circular marked "A") and their respective associates will abstain from voting.
6. Registration of the extraordinary general meeting will start at 10:45 a.m. on Monday, 4 February 2013. To ensure the meeting can start on time, shareholders or their proxies are requested to arrive at the venue for registration at least 15 minutes before the meeting starts.