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HKR INTERNATIONAL LIMITED
香港興業國際集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00480)

DISCLOSEABLE TRANSACTION
ACQUISITION OF LAND USE RIGHT OF A LAND IN JIAXING
ZHEJIANG

The Board is pleased to announce that on 18 June 2012, the Company, through Cardiomed, its indirect wholly-owned subsidiary, has made a successful bid at an open auction to acquire the Land Use Right of the Land at the Consideration of approximately RMB185.46 million (equivalent to approximately HK\$226.10 million) for residential property development. A Confirmation Letter has been duly issued to Cardiomed on 18 June 2012.

Since one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition is 5% or more but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

INTRODUCTION

On 18 June 2012, Cardiomed, an indirect wholly-owned subsidiary of the Company, has made a successful bid at an open auction to acquire the Land Use Right of the Land at the Consideration of approximately RMB185.46 million (equivalent to approximately HK\$226.10 million) for residential property development. A Confirmation Letter has been duly issued to Cardiomed on 18 June 2012.

DETAILS OF THE AUCTION

Auction Date and Date of Confirmation Letter

18 June 2012

Parties to the Confirmation Letter

- (a) Cardiomed as the successful bidder;
- (b) 嘉興市公共資源交易中心 (The Public Resources Transaction Centre Jiaxing[#]) as the bidding agent; and
- (c) The Bureau of Land and Resources Jiaxing as the grantor of the Land Use Right.

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, The Bureau of Land and Resources Jiaxing and 嘉興市公共資源交易中心 (The Public Resources Transaction Centre Jiaxing[#]) and its beneficial owner are third parties independent of the Company and its connected persons.

Information of the Land

The Land is located at Yao Jia Dang Area in the Jiaxing Economic Development Zone, Jiaxing City, Zhejiang Province, the PRC with a site area of 41,306.20 square metres and a maximum construction gross floor area of approximately 82,600 square metres. The terms of the Land Use Right of the Land is 70 years commencing on the date of delivery of the Land to Cardiomed or its nominee upon signing the delivery certificate of the Land. The Land will be delivered in vacant status and permitted for residential use. The construction on the Land shall commence within one year from the date of delivery of the Land and be completed within three years thereafter.

CONSIDERATION AND PAYMENT TERMS

The Consideration for the Acquisition is approximately RMB185.46 million (equivalent to approximately HK\$226.10 million), which was arrived at as a result of a successful bid by Cardiomed through an open auction held by 嘉興市公共資源交易中心 (The Public Resources Transaction Centre Jiaxing[#]) on 18 June 2012 which was conducted in accordance with the relevant PRC laws and regulations. Such Consideration was paid or payable by cash instalments in the following manner:-

<u>Required date of payment</u>	<u>Required amount paid / payable</u>
On or before 14 June 2012	RMB33.00 million (equivalent to approximately HK\$40.23 million) being required deposit for the auction
Within one month from the date of the Land Use Right Transfer Agreement	Approximately RMB92.73 million (equivalent to approximately HK\$113.05 million), excluding the deposit, being 50% of the Consideration
Within 120 days after the date of the Land Use Right Transfer Agreement	Approximately RMB59.73 million (equivalent to approximately HK\$72.82 million), including the deposit, being the balance of the Consideration

An amount of RMB5.00 million (equivalent to approximately HK\$6.10 million) was also paid together with the required deposit for the auction before 14 June 2012 as the guarantee payment for contractual performance. Such amount will be refunded (without interest) by stages upon Cardiomed or its nominee has complied in full with the contractual covenants of the Land Use Right Transfer Agreement.

The Consideration will be funded by the Group's internal resources and/or bank borrowings.

REASON FOR AND BENEFITS OF THE ACQUISITION

Jiaxing City is under the jurisdiction of Zhejiang Province and located in the centre of Yangtze River Delta with a population of about 3.50 million. It has a good transportation network connecting to surrounding big cities including Shanghai, Hangzhou and Suzhou. With its strategic geographical location, it is believed that the growth prospects of Jiaxing City will be good.

The Land is situated at Yao Jia Dang Area in the Jiaxing Economic Development Zone which is located at the south western part of Jiaxing City. The Group intends to develop the Land into a quality residential development and the Acquisition is in line with the Company's business strategies to explore suitable investment opportunities in Yangtze River Delta, the PRC.

The Board believes that the Acquisition will increase the land bank of the Group, advance the Group's position in the PRC property market and expand its activities in Yangtze River Delta. The Company is in the opinion that the terms of the Acquisition 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 one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition is 5% or more but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

GENERAL INFORMATION

The Company is an investment holding company incorporated in the Cayman Islands and 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.

Cardiomed is an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong, and is an investment holding company.

The Bureau of Land and Resources Jiaxing is a local government authority which manages the supply of land and usage to implement the development planning of Jiaxing City, Zhejiang Province, the PRC.

嘉興市公共資源交易中心 (The Public Resources Transaction Centre Jiaxing[#]) principally organises and manages the auction arrangements of land grant in Jiaxing City, Zhejiang Province, the PRC.

DEFINITIONS

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

“Acquisition”	the successful bid for the acquisition of the Land Use Right of the Land by Cardiomed on 18 June 2012;
“Board”	the board of directors of the Company;
“Cardiomed”	Cardiomed Limited 卡迪蒙德有限公司, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary 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);
“Confirmation Letter”	The confirmation letter issued by 嘉興市公共資源交易中心 (The Public Resources Transaction Centre Jiaxing [#]) on 18 June 2012 confirming the awarding of the Land Use Right of the Land to Cardiomed;
“Consideration”	approximately RMB185.46 million, being the total consideration for the Acquisition pay or payable by Cardiomed or its nominee;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“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;
“Land”	a piece of land with a total site area of 41,306.20 square metres located at Yao Jia Dang Area in the Jiaxing Economic Development Zone, Jiaxing City, Zhejiang Province, the PRC (中國浙江省嘉興市嘉興經濟開發區姚家蕩) with boundary 翠柳路 (Cuiliu Road [#]) on the east, 七一港綠化帶 (71 Harbour Green Belt [#]) on the south, planned branch street on the west and vacant land on the north;

“Land Use Right”	state-owned construction land use right (國有建設用地使用權) of the Land for a term of 70 years;
“Land Use Right Transfer Agreement”	the Land Use Right Transfer Agreement to be entered into between Cardiomed or its nominee and the Bureau of Land and Resources Jiaxing in respect of the Land Use Right of the Land;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China (for the purpose of disclosure, excluding Hong Kong, Macau and Taiwan);
“RMB”	Renminbi, the lawful currency of the PRC; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted into HK\$ at the rate of RMB1.00 = HK\$1.2191. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

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

Hong Kong, 18 June 2012

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 CHA Yiu Chung Benjamin
Mr CHUNG Sam Tin Abraham
Mr TANG Moon Wah*

Non-executive Directors

*The Honourable Ronald Joseph ARCULLI
Mr CHA Mou Daid Johnson
Mr CHEUNG Tseung Ming
Ms WONG CHA May Lung Madeline*

Independent Non-executive Directors

*Dr CHENG Kar Shun Henry
Dr The Honourable CHEUNG Kin Tung Marvin
Mr CHEUNG Wing Lam Linus
Ms HO Pak Ching Loretta
Dr QIN Xiao*

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

#Translation of Chinese names in English is provided for identification purpose only