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

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

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HKRI

香港興業國際集團有限公司*

HKR International Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00480)

**MAJOR TRANSACTION
DISPOSAL OF PROPERTIES IN JAPAN**

A letter from the Board is set out on pages 7 to 17 of this circular.

The Disposal has been approved by written shareholders’ approval pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

28 October 2021

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

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DEFINITIONS

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

“Board”	the board of directors of the Company
“Business Day(s)”	a day other than Saturday, Sunday, any day on which banks located in Hong Kong are authorised or obligated to close, any public holiday in Hong Kong or a day on which typhoon signal No.8 or above or black rainstorm signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. Hong Kong time
“Company”	HKR International Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 00480)
“Completion”	Completion of the Disposal which shall take place on 15 November 2021 or any other date as agreed by the Vendors and the Purchasers but in any event shall not be later than 31 December 2021
“Consideration”	JPY19,311,829,000 (including consumption tax on buildings) (approximately HK\$1,351.8 million), being the total consideration for the Disposal paid and payable by the Purchasers to the Vendors
“Directors”	the directors of the Company from time to time
“Disposal”	the disposal of the Properties by the Vendors collectively to the Purchasers in accordance with the terms and conditions set out in the SPAs
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Investor 1”	Ruthin Investments Pte Ltd, an indirect wholly-owned subsidiary of the Company incorporated in Singapore which holds a 49.99% preferred shareholding and 49% specified shareholding in Vendor A
“Investor 2”	Beaufort International Hotels (Singapore) Pte Ltd, an indirect wholly-owned subsidiary of the Company incorporated in Singapore which holds a 50.01% preferred shareholding in Vendor A
“Investor 3”	Scot Development Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong which holds a 51% preferred shareholding in Vendor B
“Investor 4”	HKR Properties Limited 香港興業(物業)有限公司, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong which holds 49% preferred shareholding and a 49% specified shareholding in Vendor B. Investor 4 is also the sole investor for the trust beneficial interest in Property C as the underlying entrusted asset
“Investors”	Investor 1, Investor 2, Investor 3 and Investor 4
“JPY”	Japanese Yen, the lawful currency of Japan
“Latest Practicable Date”	25 October 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Major Shareholders”

comprise CCM Trust (Cayman) Limited (“CCM”), Mingly Asia Capital Limited (“Mingly”), CCM Capital Corporation (“CCM Capital”), Soar Boom Limited (“Soar Boom”), LBJ Regents (PTC) Limited (“LBJ”) and Bie Ju Enterprises Limited (“Bie Ju”), a closely allied group of shareholders who together hold approximately 54.985% interests in the Company, with their particulars as follows:

(a) CCM is a company incorporated in the Cayman Islands with limited liability and which has a direct interest in the Company of approximately 38.444% (representing 571,011,401 ordinary shares of the Company). CCM (which is also indirectly interested in the shares of the Company held via its subsidiaries, Mingly, CCM Capital and Soar Boom as described in (b), (c) and (d) 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;

(b) Mingly is a company incorporated in the British Virgin Islands with limited liability, indirectly owned as to 87.50% by CCM, and which has a direct interest in the Company of approximately 3.04% (representing 45,157,894 ordinary shares of the Company);

(c) CCM Capital is a company incorporated in the British Virgin Islands with limited liability, indirectly owned as to 87.50% by CCM, and which has a direct interest in the Company of approximately 1.696% (representing 25,183,584 ordinary shares of the Company);

(d) Soar Boom is a company incorporated in the British Virgin Islands with limited liability, indirectly owned as to 87.50% by CCM, and which has a direct interest in the Company of approximately 4.999% (representing 74,265,090 ordinary shares of the Company);

DEFINITIONS

(e) LBJ is a company incorporated in the British Virgin Islands with limited liability and which has a direct interest in the Company of approximately 6.182% (representing 91,818,179 ordinary shares of the Company). LBJ (which is also indirectly interested in the shares of the Company held via its wholly-owned subsidiary Bie Ju, as described in (f) below) is the corporate trustee for certain but not identical discretionary trusts of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi Ming's issue; and

(f) Bie Ju is a company incorporated in the Cayman Islands with limited liability, wholly-owned by LBJ, and which has a direct interest in the Company of approximately 0.624% (representing 9,266,101 ordinary shares of the Company)

“Property A”	comprises the land and a 18-storey residential building, namely Horizon Place Akasaka with 94 units together with a basement of 54 vehicle parking spaces located at 8-2, Akasaka 6-chome, Minato-ku, Tokyo
“Property B”	comprises the land and a 15-storey flat roof residential building, namely Haluwa Shiba Koen with 84 units together located at 208-1, Shiba 2-chome, Minato-ku, Tokyo
“Property C”	comprises the land and a 13-storey flat roof office building, namely Graphio Nishi-Shinjuku Building with 12 units located at 22-9, Nishi-Shinjuku, 1-chome, Shinjuku-ku, Tokyo
“Properties”	Property A, Property B and Property C
“Purchaser A”	DS Akasaka Godo Kaisha, a special purpose vehicle incorporated in Japan
“Purchaser B”	DS Shibakoen Godo Kaisha, a special purpose vehicle incorporated in Japan

DEFINITIONS

“Purchaser C”	DS Nishishinjuku Godo Kaisha, a special purpose vehicle incorporated in Japan
“Purchasers”	Purchaser A, Purchaser B and Purchaser C
“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
“SPA A”	the sale and purchase agreement entered into between Purchaser A and Vendor A on 8 October 2021 for the sale and purchase of Property A
“SPA B”	the sale and purchase agreement entered into between Purchaser B and Vendor B on 8 October 2021 for the sale and purchase of Property B
“SPA C”	the sale and purchase agreement entered into between Purchaser C and Vendor C on 8 October 2021 for the sale and purchase of the trust beneficial interest in Property C
“SPAs”	SPA A, SPA B and SPA C
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TK Agreements”	comprise i) an agreement entered into between Investor 4, as TK investor, and Vendor C, as the TK operator, on 26 March 2013 in respect of a 95% investment interest in the trust beneficial interest in Property C as the underlying entrusted asset; and ii) an assignment agreement dated 2 April 2019 entered into between Investor 4, as assignee, and HKRJ Development Co. Ltd, a then wholly-owned subsidiary of the Company, as assignor, with the consent of Vendor C, for the assignment of a 5% investment interest in the trust beneficial interest in Property C as the underlying entrusted asset, from HKRJ Development Co. Ltd. to Investor 4

DEFINITIONS

“Vendor A”	HKRJ Akasaka TMK, a special purpose vehicle incorporated in Japan and the registered owner of Property A
“Vendor B”	HKRJ Haluwa TMK, a special purpose vehicle incorporated in Japan and the registered owner of Property B
“Vendor C”	HKRJ Graphio GK, a special purpose vehicle incorporated in Japan and the beneficiary of the trust beneficial interest in Property C as the underlying entrusted asset
“Vendors”	Vendor A, Vendor B and Vendor C

Unless otherwise specified in this circular, amounts denominated in Japanese Yen have been converted into HK\$ at the rate of JPY1.00 = HK\$0.07. This rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been converted at the above rate or any other rates.



香港興業國際集團有限公司*
HKR International Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00480)

Directors:

Mr CHA Mou Zing Victor (*Chairman*)

Mr TANG Moon Wah (*Managing Director*)

Mr CHEUNG Ho Koon

Ms NGAN Man Ying

Ms WONG CHA May Lung Madeline[#]

(Deputy Chairman)

The Honourable Ronald Joseph ARCULLI[#]

Mr CHA Mou Daid Johnson[#]

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[#] *Non-executive Directors*

^Δ *Independent Non-executive Directors*

28 October 2021

Dear Shareholders,

MAJOR TRANSACTION
DISPOSAL OF PROPERTIES IN JAPAN

INTRODUCTION

Reference is made to the announcement of the Company dated 8 October 2021. On 8 October 2021, Vendor A, Vendor B and Vendor C, three special purpose vehicles established by the Company in Japan, entered into SPA A, SPA B and SPA C with Purchaser A, Purchaser B and Purchaser C respectively for the sale and purchase of i) Property A; ii) Property B; and iii) the trust beneficial interest in Property C as the underlying entrusted asset respectively, for a total consideration of JPY19,311,829,000 (including consumption tax on buildings) (approximately HK\$1,351.8 million)(subject to adjustment upon Completion).

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LETTER FROM THE BOARD

Since one of the applicable percentage ratios under Rule 14.07 of the Listing Rules is more than 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further details in relation to the Disposal.

THE SPAs

1. Date

8 October 2021

2. Parties and Information of the Properties

For SPA A

Vendor : HKRJ Akasaka TMK ("Vendor A"), a special purpose vehicle incorporated in Japan and the registered owner of Property A; and

Purchaser : DS Akasaka Godo Kaisha ("Purchaser A")

Asset to be disposed : Property A

The interest of the Company in Property A is held under a *tokutei mokuteki kaisha* ("TMK") arrangement (a common real estate investment structure for foreign investors under Japanese law). Investor 1 and Investor 2, both indirect wholly-owned subsidiaries of the Company, hold 49.99% and 50.01% respectively (together 100%) of the preferred shareholding in Vendor A. Investor 1 also holds a 49% specified shareholding in Vendor A with the remaining 51% specified shareholding being held by HKRJ Akasaka ISH, a non-profit association which is a bankruptcy remote entity established under Japanese law, known as an "*Ippan Shadan Hojin*" ("ISH"), and funded by the Group in order to comply with the requirements of the TMK structure for holding Property A. Under the TMK structure, all the economic interest in Property A belongs to Investor 1 and Investor 2, and hence to the Group. Under SPA A, Vendor A shall sell Property A to Purchaser A by transferring the same in the form of a trust beneficial interest, with Property A as the underlying entrusted asset on the date of Completion. Property A comprises the land and a 18-storey residential building, namely Horizon Place Akasaka with 94 units together with a basement of 54 vehicle parking spaces located at 8-2, Akasaka 6-chome, Minato-ku, Tokyo.

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For SPA B

- Vendor : HKRJ Haluwa TMK (“Vendor B”), a special purpose vehicle incorporated in Japan and the registered owner of Property B; and
- Purchaser : DS Shibakoen Godo Kaisha (“Purchaser B”)
- Asset to be disposed : Property B

The interest of the Company in Property B is also held under TMK arrangement. Investor 3 and Investor 4, both indirect wholly-owned subsidiaries of the Company, hold 51% and 49% respectively (together 100%) of the preferred shareholding in Vendor B. Investor 4 also holds a 49% specified shareholding in Vendor B with the remaining 51% specified shareholding being held by HKRJ Haluwa ISH, an ISH established and funded by the Group in order to comply with the requirements of the TMK structure for holding Property B. Under the TMK structure, all the economic interest in Property B belongs to Investor 3 and Investor 4, and hence to the Group. Under SPA B, Vendor B shall sell Property B to Purchaser B by transferring the same in the form of a trust beneficial interest, with Property B as the underlying entrusted asset on the date of Completion. Property B comprises the land and a 15-storey flat roof residential building, namely Haluwa Shiba Koen with 84 units located at 208-1, Shiba 2-chome, Minato-ku, Tokyo.

For SPA C

- Vendor : HKRJ Graphio GK (“Vendor C”), a special purpose vehicle incorporated in Japan and the beneficiary of the trust beneficial interest in Property C as the underlying entrusted asset; and
- Purchaser : DS Nishishinjuku Godo Kaisha (“Purchaser C”)
- Asset to be disposed : The trust beneficial interest in Property C as the underlying entrusted asset

The interest of the Company in Property C is held under a *tokumei kumiai* (“TK”) arrangement (another common real estate investment structure for foreign investors under Japanese law). Under the TK structure, Investor 4 is the sole investor responsible for providing all of the investment funding associated with the trust beneficial interest in Property C as the underlying entrusted asset. The legal title to Property C is currently held by an independent trustee, which is a licensed trust bank in Japan, whereas the beneficial ownership is vested in Vendor C. Vendor C (which establishment is funded by the Group) is owned and managed independently from Investor 4 and is responsible for holding, receiving income derived from, managing and dealing with Property C. The relationship between Investor 4 and Vendor C is governed by the TK Agreements entered into between

LETTER FROM THE BOARD

them, under which Vendor C is obliged to effect cash distributions to Investor 4 annually, out of the net rental income arising from its beneficial holding of Property C or, in case of a disposition of Property C, promptly after such disposition. In return, Vendor C is entitled to receive a fixed annual fee for conducting the aforesaid business and must engage a licensed trustee to hold the registered title to Property C as well as an asset manager to oversee the management of Property C. Based on the TK structure, all the economic interest in Property C belongs to Investor 4, and hence to the Company. Property C comprises the land and a 13-storey flat roof office building, namely Graphio Nishi-Shinjuku Building with 12 units located at 22-9, Nishi-Shinjuku, 1-chome, Shinjuku-ku, Tokyo.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the Purchasers and their ultimate beneficial owner(s) (with more details as set out below) are third parties independent of the Company and its connected person(s).

3. Completion and Transfer of the Properties

For Property A and Property B

Pursuant to SPA A and SPA B, Property A and Property B shall be delivered to Purchaser A and Purchaser B respectively in the form of trust beneficial interests on the date of Completion. To facilitate the delivery, the legal title to Property A and Property B will be transferred to a licensed trust bank as accepted by both parties, by Vendor A and Vendor B, respectively, to be held on trust (the "Entrustment"). Following Entrustment, the trust beneficial interests with Property A and Property B as the underlying entrusted assets will be held by Vendor A and Vendor B, respectively, for further transfer to Purchaser A and Purchaser B, respectively. Both the Entrustment and the transfer of the trust beneficial interests in Property A and Property B as the underlying entrusted asset from Vendor A and Vendor B to Purchaser A and Purchaser B, respectively, shall take place on the date of Completion. All the costs in respect of the aforesaid holding structure change with respect to Property A and Property B shall be borne by Purchaser A and Purchaser B, respectively.

For Property C

The trust beneficial interest in Property C as the underlying entrusted asset will be transferred from Vendor C to Purchaser C on the date of Completion.

Completion of the Disposal shall take place on 15 November 2021 or any other date as agreed by the respective Vendors and Purchasers but in any event shall not be later than 31 December 2021. The Properties will be delivered on an "as-is" basis (through the transfer of respective trust beneficial interests) on the date of Completion subject to tenancies.

Completion of the disposal of Property A (in the form of a trust beneficial interest), Property B (in the form of a trust beneficial interest) and the trust beneficial interest in

LETTER FROM THE BOARD

Property C as the underlying entrusted asset must be completed on the date of Completion simultaneously. Should the disposal of the interests in all three Properties not, for whatever reason, complete simultaneously on the date of Completion, none of the individual sales will proceed. In this case, the parties may seek to change the date of Completion. However, if the transaction under any of the SPAs has not been executed by a long stop date of 31 December 2021, all SPAs will automatically terminate and the respective Vendors must refund the sum received from the respective Purchasers without interest.

4. Consideration and Payment Terms

The Consideration of JPY19,311,829,000 (including consumption tax on buildings of JPY301,829,000) (approximately HK\$1,351.8 million) comprises i) JPY9,654,850,000 (including consumption tax on building of JPY154,850,000) (approximately HK\$675.8 million) as the price for Property A; ii) JPY4,169,964,000 (including consumption tax on building of JPY89,964,000) (approximately HK\$291.9 million) as the price for Property B; and iii) JPY5,487,015,000 (including consumption tax on building of JPY57,015,000) (approximately HK\$384.1 million) as the price for the trust beneficial interest in Property C as the underlying entrusted asset. The Consideration was offered by the Fund Manager (as defined below) of the Trust Funds (as defined below) and accepted by the Company upon making reference to recent sales prices of comparable properties, and shall be satisfied by the respective Purchasers in the following manner:

Date of Payment	Amount payable
On signing of the SPAs	<ol style="list-style-type: none">1. JPY950,000,000 (representing 10% of the price for Property A (excluding consumption tax) and being equivalent to approximately HK\$66.5 million), being the deposit paid to Vendor A;2. JPY408,000,000 (representing 10% of the price for Property B (excluding consumption tax) and being equivalent to approximately HK\$28.6 million), being the deposit paid to Vendor B; and3. JPY543,000,000 (representing 10% of the price for the trust beneficial interest in Property C as the underlying entrusted asset (excluding consumption tax) and being equivalent to approximately HK\$38.0 million), being the deposit paid to Vendor C.
On Completion	<ol style="list-style-type: none">1. JPY8,704,850,000 (equivalent to approximately HK\$609.3 million), being the balance of the price for Property A (including consumption tax) to be paid to Vendor A;

LETTER FROM THE BOARD

Date of Payment	Amount payable
	2. JPY3,761,964,000 (equivalent to approximately HK\$263.3 million), being the balance of the price for Property B (including consumption tax) to be paid to Vendor B; and
	3. JPY4,944,015,000 (equivalent to approximately HK\$346.1 million), being the balance of the price for the trust beneficial interest in Property C (including consumption tax) as the underlying entrusted asset to be paid to Vendor C.

The balance payment (including consumption tax) to be paid on the date of Completion by the respective Purchasers to the respective Vendors is subject to adjustment in relation to the security deposits in respect of the relevant tenancies and any other taxes, expenses and revenues associated with the respective Properties and/or trust beneficial interests.

Any adjustment amount which is not yet fixed as of the date of Completion shall be settled after the Completion separately by payments between the respective Vendors and respective Purchasers, promptly after such amount is fixed.

As at the Latest Practicable Date, the projected amount of adjustment to the Consideration to be paid on the date of Completion is approximately JPY259,700,000 (approximately HK\$18.2 million, including property tax, rental income, security deposit, repair costs, leasing fee and miscellaneous items), and the projected second settlement amount (i.e. being the adjustment amount to be settled after the date of Completion) is expected to be approximately JPY18,735,000 (approximately HK\$1.3 million, for rectification cost).

5. Condition Precedent

The Disposal is subject to the approval of the shareholders of the Company pursuant to the requirements under Chapter 14 of the Listing Rules. If the approval of the Company's shareholders is not obtained by 22 October 2021, the respective Vendors may terminate the respective SPAs without any indemnification obligations or any other liability, provided however that the respective Vendors shall return the sum received from the respective Purchasers to that Purchasers without interest. The Company has obtained the written Shareholders' approval to the Disposal in accordance with Rule 14.44 of the Listing Rules, further details of which are set out in the section below headed "Listing Rules Implication".

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS DERIVED FROM THE DISPOSAL

In a market facing uncertainties, including those arising from the impact of the COVID-19 pandemic and any tightening of global monetary supplies, the Directors are of the view that the Disposal represents a good opportunity for the Group to realise its investment in the Properties with an attractive return. The Disposal will increase the working capital of the Group and enhance its cashflow. The details of the comparable properties reviewed by the Board are set out below:

	Property A	Property B	Property C
Number of comparable properties	4	4	4
Nature	Residential	Residential	Office
Location	Within 2 kilometres for Property A	Within 2 kilometres for Property B	Within 2 kilometres for Property C
Transaction Year	2017 to 2020	2016 to 2020	2018 to 2021
Range of Market Sales Price (in million)	JPY1,450 to JPY6,000	JPY1,405 to JPY2,800	JPY2,205 to JPY11,550
Range of Market Sales Price (in million per square metre gross floor area)	JPY0.8 to JPY1.2	JPY1.2 to JPY1.4	JPY0.8 to JPY1.4

The Board noted that the Consideration is higher than the carrying value of the Properties and sales prices of comparable properties as set out above. Taking into account the abovementioned, the Directors (including the Independent Non-executive Directors) consider that the Disposal (including the Consideration) is in the interests of the Company and the Shareholders as a whole and the terms thereof are on normal commercial terms, which are fair and reasonable.

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

The Properties have been indirectly held by the Company for investment purposes. The carrying value of the Properties, as revalued by an independent valuer as at 31 March 2021, and the expected book gain, after (i) related expenses, including agency commission and transaction costs, of approximately of JPY831,800,000, and (ii) related taxes of approximately JPY1,213,300,000 from the Disposal are as follows:

Property	Approximate carrying value (in million)	Expected book gain (in million)
Property A	JPY5,260.0 (approximately HK\$368.2)	JPY3,072.3 (approximately HK\$215.1)
Property B	JPY3,500.0 (approximately HK\$245.0)	JPY395.8 (approximately HK\$27.7)
Property C	JPY4,380.0 (approximately HK\$306.6)	JPY658.6 (approximately HK\$46.1)
Total:	<u>JPY13,140.0 (approximately HK\$919.8)</u>	<u>JPY4,126.7 (approximately HK\$288.9)</u>

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Pursuant to the valuation conducted by independent valuer, Jones Lang LaSalle Limited, the market value of the Property A, Property B and Property C as at 30 September 2021 is JPY5,380,000,000, JPY3,510,000,000 and JPY4,500,000,000 respectively.

Below is the reconciliation of the value of the Properties as at 31 March 2021 and 30 September 2021:

	Property A	Property B	Property C	Total
Carrying value as at 31 March 2021 <i>(in million)</i>	JPY5,260.0 (approximately HK\$368.2)	JPY3,500.0 (approximately HK\$245.0)	JPY4,380.0 (approximately HK\$306.6)	JPY13,140.0 (approximately HK\$919.8)
Change in fair value recognized in profit or loss <i>(in million)</i>	JPY120.0 (approximately HK\$8.4)	JPY10.0 (approximately HK\$0.7)	JPY120.0 (approximately HK\$8.4)	JPY250.0 (approximately HK\$17.5)
Carrying value as at 30 September 2021 <i>(in million)</i>	JPY5,380.0 (approximately HK\$376.6)	JPY3,510.0 (approximately HK\$245.7)	JPY4,500.0 (approximately HK\$315.0)	JPY13,390.0 (approximately HK\$937.3)

It is intended that the net proceeds from the Disposal of approximately JPY18,480,100,000 will be used by the Group to repay the onshore bonds/bank loan in respect of the investment in the Properties of approximately JPY5,800,000,000, with the remaining amount of JPY12,680,100,000 to finance other investment opportunities in the property market as and when they arise in the future, and for the general working capital of the Group.

The Properties are currently leased out for rental income. The net profit (the annual rental income after taking into account all related disbursements for managing the Properties both before and after taxation and minority interest) attributable to the Properties for the financial year ended 31 March 2021 and 2020 was as follows:

Property	Approximate net profit before tax and minority interest <i>(in million)</i>		Approximate net profit after tax and minority interest <i>(in million)</i>	
	Financial year ended 31 March 2020	Financial year ended 31 March 2021	Financial year ended 31 March 2020	Financial year ended 31 March 2021
	Property A	JPY215.6 (approximately HK\$15.1)	JPY211.4 (approximately HK\$14.8)	JPY172.5 (approximately HK\$12.2)
Property B	JPY110.1 (approximately HK\$7.7)	JPY97.5 (approximately HK\$6.8)	JPY85.0 (approximately HK\$6.0)	JPY75.3 (approximately HK\$5.3)
Property C	JPY152.8 (approximately HK\$10.7)	JPY164.9 (approximately HK\$11.5)	JPY121.6 (approximately HK\$8.5)	JPY131.2 (approximately HK\$9.2)
Total:	JPY478.5 (approximately HK\$33.5)	JPY473.8 (approximately HK\$33.1)	JPY379.1 (approximately HK\$26.7)	JPY375.6 (approximately HK\$26.3)

LETTER FROM THE BOARD

The financial effects to the Group upon completion of the Disposal are expected to be:

- (i) a decrease of non-current assets of approximately HK\$919.8 million, being the net book value of the Properties;
- (ii) an increase of net current assets of approximately HK\$802.7 million, being the net proceeds from the Disposal and after redemption of bonds and repayment of outstanding bank loan used to finance the purchase of the Properties;
- (iii) a decrease of liabilities of approximately HK\$406.0 million, being the redemption of bonds and repayment of the outstanding bank loan as mentioned in (ii); and
- (iv) an increase in net earnings by approximately HK\$288.9 million, representing the net gain on the Disposal.

INFORMATION ON THE COMPANY, THE INVESTORS, THE VENDORS, THE PURCHASERS AND THE ULTIMATE BENEFICIAL OWNER OF THE PURCHASERS

The Company is an investment holding company incorporated in the Cayman Islands, the securities of which are listed on the Stock Exchange. The Company and its subsidiaries are principally engaged in property development, property investment, property management and related services, hospitality and healthcare services.

The Investors are four indirect wholly-owned subsidiaries of the Company and all are investment holding companies. Investor 1 and Investor 2 are limited companies incorporated in Singapore. Investor 3 and Investor 4 are limited companies incorporated in Hong Kong.

Vendor A is a special purpose vehicle established by the Company in Japan for the purpose of holding Property A for the Company under a TMK arrangement.

Vendor B is a special purpose vehicle established by the Company in Japan for the purpose of holding Property B for the Company under a TMK arrangement.

Vendor C is a special purpose vehicle established by the Company in Japan for the purpose of holding the beneficial interest in Property C as the underlying entrusted asset for the Company under a TK arrangement.

Purchaser A is a special purpose vehicle established in Japan for the purpose of holding the trust beneficial interest in Property A as the underlying entrusted asset under a TMK arrangement for the Trust Funds (as defined below) following the completion of the transaction pursuant to SPA A.

Purchaser B is a special purpose vehicle established in Japan for the purpose of holding the trust beneficial interest in Property B as the underlying entrusted asset under a TMK arrangement for the Trust Funds following the completion of the transaction pursuant to SPA B.

LETTER FROM THE BOARD

Purchaser C is a special purpose vehicle established in Japan for the purpose of holding the trust beneficial interest in Property C as the underlying entrusted asset under a TK arrangement for the Trust Funds following the completion of the transaction pursuant to SPA C.

To the best of the Directors' knowledge having made all reasonable enquiries, based on the information available to the Company, the beneficial owners of the Purchasers comprise three separate wide-investor based South Korean investment funds, namely Daishin Japan Heim Qualified Investor Private Investment Trust Nos. 12 (28.5%), 13 (21.5%) and 14 (50%), which will collectively contribute 100% of the required equity funding for the Purchasers, so that they in turn can pay the Consideration (the "Trust Funds"), with Daishin Asset Management Co., Ltd. as the common licensed fund manager (the "Fund Manager", a company incorporated in South Korea and a subsidiary of Daishin Securities Company Limited ("Daishin Securities"), a listed company on the Korea Exchange, Stock Code: KR003540). Daishin Japan Heim Qualified Investor Private Investment Trust Nos. 12, 13 and 14 are newly established investment funds set up for the purpose of holding the Properties only and will not acquire other assets, and their investors include several affiliates of Daishin Securities and its subsidiaries and other individual investors in Korea. The target number of investors for each of Daishin Japan Heim Qualified Investor Private Investment Trust Nos. 12, 13 and 14 is up to 49 investors.

LISTING RULES IMPLICATION

Since one of the applicable percentage ratios under Rule 14.07 of the Listing Rules is more than 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the Disposal and/or would be required to abstain from voting were the Company to convene an extraordinary general meeting to consider and if thought fit approve the Disposal. Pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting, shareholders' written approval for the Disposal has been obtained from the Major Shareholders, who together are the registered owners holding an aggregate of 816,702,249 ordinary shares, representing approximately 54.985% of the issued share capital of the Company as at the date of the announcement of the Company dated 8 October 2021. As such, no general meeting will be convened for the purpose of approving the Disposal as permitted under Rule 14.44 of the Listing Rules.

LETTER FROM THE BOARD

RECOMMENDATION

This circular is despatched to Shareholders for information purposes only. Although no general meeting will be convened, the Directors (including the Independent Non-executive Directors) are of the view that the Disposal, based on the reasons set out in the above paragraph “**REASONS FOR AND BENEFITS DERIVED FROM THE DISPOSAL**”, is fair and reasonable and are in the interests of the Company and the Shareholders as a whole. If a general meeting was convened for approving the Disposal, the Board would recommend the Shareholders to vote in favour of the ordinary resolution(s) to approve the SPAs and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
CHA Mou Zing Victor
Executive Chairman

1. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 August 2021, the Group had outstanding bank and other loans of approximately HK\$11,667.5 million comprising an unsecured loan of approximately HK\$11,525.5 million and a secured loan of approximately HK\$142.0 million.

As at 31 August 2021, the Group had outstanding unsecured advances from non-controlling shareholders of certain subsidiaries of the Company of approximately HK\$2,000.0 million, unsecured club debentures issued by certain subsidiaries of the Company in the aggregate carrying amount of approximately HK\$601.0 million and lease liabilities of approximately HK\$68.4 million.

As at 31 August 2021, certain bank loans of the Group were secured by certain investment properties at the carrying value of HK\$311.0 million.

In addition, the loans to a joint venture by the Group amounting to approximately HK\$803.9 million were subordinated to banks to secure a banking facility granted to the joint venture.

The Group had financial guarantee contracts relating to corporate guarantees on the Group's proportionate shares to the extent of HK\$104.9 million, HK\$1,234.5 million, and HK\$1,348.0 million as at 31 August 2021 given to banks in respect of banking facilities granted to an investee company, a joint venture and a subsidiary respectively.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 August 2021, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, mortgages, debentures or debt securities issued and outstanding, charges, hire purchases commitments, or other material contingent liabilities.

The Directors have confirmed that, save as disclosed above, there has not been any material change in the indebtedness and contingent liabilities of the Group since 31 August 2021.

2. WORKING CAPITAL

The Directors are of the opinion that, taking into account the effect of the Disposal, cash flow from operations, the facilities available and the Group's present available financial resources, the Group will have sufficient working capital for its present requirements for at least 12 months from the date of this circular in the absence of unforeseen circumstances.

3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group remains positive towards the trading prospects of the property development and investment market in Hong Kong, mainland China and the Asia Pacific region in which the Group operates. Upon Completion, the Group's financial and cash position can be further strengthened, and the Group will look for new investments and projects that will enhance its revenue and profit growth in future. The Group will adopt a proactive yet cautious approach in pursuing its asset and business expansion while maintaining flexibility to cope with the ever changing business and economic environment.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Limited, an independent property valuer, in connection with its opinion of market value of the Properties in Japan as at 30 September 2021.



仲量聯行

Jones Lang LaSalle Limited
Valuation Advisory Services
7/F, One Taikoo Place, 979 King's Road
Quarry Bay, Hong Kong
Company Licence No. C-003464

28 October 2021

The Directors
HKR International Limited
23/F, China Merchants Tower,
Shun Tak Centre,
168-200 Connaught Road Central,
Hong Kong

Dear Sirs,

We refer to the instruction from HKR International Limited (the “**Company**”) for us to assess the market values of three properties in Japan (the “**Properties**”) subject to existing tenancies as at 30 September 2021 (the “**date of valuation**”).

We acknowledge that this report is prepared for the purpose of inclusion in a public circular.

We confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing our opinion of market values of the unencumbered freehold property interests of the Properties.

Our valuation has been prepared in accordance with “HKIS Valuation Standards 2020” published by The Hong Kong Institute of Surveyors (“**HKIS**”), “International Valuation Standards effective 31 January 2020” published by the International Valuation Standards Council (“**IVSC**”) and “RICS Valuation – Global Standards effective from 31 January 2020” (“**RICS Standards**”) published by the Royal Institution of Chartered Surveyors (“**RICS**”) subject to variation to meet local established law.

Unless otherwise stated, our valuation is undertaken as External Valuers as defined in the relevant Valuation Standards. Compliance with the RICS standards may be subject to monitoring under the RICS’ conduct and disciplinary regulations.

Our valuation has also been prepared in accordance with relevant provisions in the Company Ordinance and it has complied with Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Our valuation is made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out as follows:

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The valuation presented in this report represents the 100% interest of the Properties and not the shareholdings of the company holding the property interests thereof.

Our valuation has been made on the assumption that the owner sells the Properties on the market without the benefit of a deferred terms contract, leaseback, management agreement or any similar arrangement which could serve to affect the value of the Properties.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free of legal complications and encumbrances, restrictions, outgoings and outstanding costs of an onerous nature that could affect its value.

We have adopted the Income Approach as the primary method to assess the property values; and the Direct Comparison Method for cross check purpose.

The Income Method estimates the property values by calculating the sum of present values of the future net cash flow that the subject properties are expected to produce. In this analysis, the income method value is estimated, using the direct capitalization and discounted cash flow (“**DCF**”) methods.

The direct capitalization method is used to estimate the property values by obtaining the net cash flow (“**NCF**”) of a single year and dividing it by the capitalization rate.

The DCF method is used to estimate the property values by forecasting the annual NCF over time each year and terminal value, and discounting each to the present value, then totalling them.

We placed the greater emphasis on the value by the DCF method, as it reflects annual cash flow changes into the valuation more accurately.

The Direct Comparison Method estimates the property values by comparing the Properties directly with other comparable properties which are recently transacted. Comparable premises are generally located in the surrounding areas or in other sub-markets which are comparable to the Properties in terms of the nature.

Due to the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative difference that may affect the price likely to be achieved by the Properties under consideration.

We have relied upon the information available from the public domain and have accepted advice from the Company on matters such as statutory notices, planning approvals, easements and particulars of occupancy of the Properties.

We have assumed that all information provided to us is correct. Should it be established subsequently that the details relating to the Properties are incorrect or inadequate, we reserve the right to adjust the value reported herein.

All measurements are carried out in accordance with the “Code of Measuring Practice” booklet published by the HKIS. To suit the local practice, we declare our departure from the “RICS property measurement” published by RICS.

We have not carried out on site measurements of the Properties at the time of inspection to verify the correctness of the site and floor areas. The dimensions, measurements and areas included in the report are based on information contained in copies of documents retrieved from the public domain and are therefore only approximations.

We have conducted searches at the Legal Affairs Bureau on 31 August 2021. We have not examined the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies made available to us.

We inspected the exterior and the representative areas of the common parts of Graphio Nishi-Shinjuku on 19 September 2021 by our Kenkichi Katsumi, Deputy General Manager of Tokyo Valuation. We inspected the exterior and the representative areas of common parts of Haluwa Shiba Koen and Horizon Place Akasaka on 18 September 2021 by our Hiroaki Honda, Executive Head of Tokyo Valuation. We have assumed that the Properties are free from rot, infestation or any other structural defects. We have not carried out building surveys, nor have we inspected those parts of the Properties, which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts. No tests have been carried out to any of the building services within the Properties.

Although we have not arranged for any investigation, the engineering reports prepared by Tokyo Bldg-Tech Center Co., Ltd of Horizon Place Akasaka dated November 2016, Haluwa Shiba Koen dated July 2017, and Graphio Nishi-Shinjuku dated August 2018 indicated no material issue about the use of deleterious or hazardous in the construction of the Properties.

Our valuation certificates are attached hereto.

Yours faithfully,

For and on behalf of

Jones Lang LaSalle Limited

Au Kin Keung, Alkan

BA (Hons), MHKIS, MRICS, RPS (GP), MCIREA

Senior Director

Licence No.: E-181955

Note: Mr. Au Kin Keung, Alkan, BA (Hons), MHKIS, MRICS, RPS (GP), MCIREA, is a qualified general practice surveyor and has about 28 years of experience in valuation of properties in Hong Kong as well as in the Asia Pacific regions.

SUMMARY OF VALUES

No.	Property	Market Value as at 30 September 2021
1.	Horizon Place Akasaka, Akasaka 6-chome, Minato-ku, Tokyo-to (“Property A”)	JPY5,380,000,000
2.	Haluwa Shiba Koen, Shiba 2-chome, Minato-ku, Tokyo-to (“Property B”)	JPY3,510,000,000
3.	Graphio Nishi-Shinjuku, Nishi Shinjuku 1-chome, Shinjuku-ku, Tokyo-to (“Property C”)	JPY4,500,000,000
	Total	JPY13,390,000,000

VALUATION CERTIFICATE

Property interest held for rental purpose

Property	Description, age and tenure	Particulars of occupancy	Market value as at 30 September 2021
Horizon Place Akasaka Nos.804-2 through 804-5, Nos.804-201 through 804-206, Nos.804-301 through 804-306, Nos.804-401 through 804-406, Nos.804-501 through 804-506, Nos.804-601 through 804-606, Nos.804-701 through 804-706, Nos.804-801 through 804-806, Nos.804-901 through 804-906, Nos.804-1001 through 804-1006, Nos.804-1101 through 804-1106, Nos.804-1201 through 804-1206, Nos.804-1301 through 804-1306, Nos.804-1401 through 804-1406, Nos.804-1501 through 804-1504, Nos.804-1601 through 804-1604, Nos.804-1701 through 804-1704, Nos.804-1801 through 804-1804 (residential units), and No. 816-1 (carpark tower) ("Property A")	<p>Property A resides on an irregular shaped and levelled site. The site boundaries abut 9-meter-wide public road on its northeast, 6.5-meter-wide public road on its southwest, and 4-meter-wide private road on its northwest.</p> <p>Property A comprises a residential building with 18 floors above ground and 1 floor below ground providing a total of 98 strata title units (94 units for residential apartments and 4 units for common areas as stipulated in the management bylaw) ("Residential Portion") and a carpark tower ("Carpark Portion") completed in 2008.</p> <p>The total site area of Residential Portion and Carpark Portion is approximately 1,347.63m² according to the registry book.</p>	<p>As advised, Property A was leased to multiple tenants as at the date of valuation at a total monthly rental of JPY24,104,000 with the latest lease expiry on 30 July 2023.</p>	<p>JPY5,380,000,000 (Japanese Yen Five Billion Three Hundred Eighty Million)</p>
Land Lot Nos. 803, 804, 805, 806, 816, 817, 821-4, 824 and 827, Akasaka 6-chome, Minato-ku, Tokyo-to	<p>According to the registry book, the total gross floor areas of the Residential Portion and Carpark Portion are approximately 7,378.61m² and 204.48m² respectively. The rentable area of Residential Portion is approximately 4,909.88m².</p> <p>Property A is held under freehold.</p>		

Notes:

- (1) As per copy of the Real Estate Title Certificates issued by the Legal Affairs Bureau, the registered owner of Property A as of 31 August 2021 is HKRJ Akasaka TMK, which is controlled by the Company.
- (2) The zoning and other statutory restrictions of Property A are as follows:

City Planning Area
 Urbanization Promotion Area
 Category II Residential District
 Fire Protection District
 Building Coverage Ratio: 80% (Relaxation applied for a corner lot and a fire-resistant building located within a fire protection district)
 Floor Area Ratio: 400%

Property interest held for rental purpose

Property	Description, age and tenure	Particulars of occupancy	Market value as at 30 September 2021
Horizon Place Akasaka Nos.804-2 through 804-5, Nos.804-201 through 804-206, Nos.804-301 through 804-306, Nos.804-401 through 804-406, Nos.804-501 through 804-506, Nos.804-601 through 804-606, Nos.804-701 through 804-706, Nos.804-801 through 804-806, Nos.804-901 through 804-906, Nos.804-1001 through 804-1006, Nos.804-1101 through 804-1106, Nos.804-1201 through 804-1206, Nos.804-1301 through 804-1306, Nos.804-1401 through 804-1406, Nos.804-1501 through 804-1504, Nos.804-1601 through 804-1604, Nos.804-1701 through 804-1704, Nos.804-1801 through 804-1804 (residential units), and No. 816-1 (carpark tower) ("Property A")	–	–	–
Land Lot Nos. 803, 804, 805, 806, 816, 817, 821-4, 824 and 827, Akasaka 6-chome, Minato-ku, Tokyo-to			

Notes (Cont'd):

(3) Details of Property A:

- (a) Details of encumbrances, liens, pledges, mortgages against Property A: Nil
- (b) Details of investigations, notices, pending litigation, breaches of law of title defects: Nil
- (c) Future plans for construction, renovation, improvement or development of Property A and estimated associated costs: Nil

(4) Our valuation has been made on Income Approach. The value by Income Approach has been determined based on DCF method and cross-checked by the Direct Comparison Method of JPY5,450,000,000 for Property A.

VALUATION CERTIFICATE

Property interest held for rental purpose

Property	Description, age and tenure	Particulars of occupancy	Market value as at 30 September 2021
Haluwa Shiba Koen No. 208-1-3 (“Property B”)	Property B resides on an irregular shaped and levelled site. The site boundaries abut 36-meter-wide public road on its east and 4- meter-wide private road on its west.	As advised, Property B was leased to multiple tenants as at the date of valuation at a total monthly rental of JPY11,233,000 with the latest lease expiry on 30 July 2023.	JPY3,510,000,000 (Japanese Yen Three Billion Five Hundred Ten Million)
Land Lot Nos. 208-1, 208-48 and 208-50, Shiba 2-chome, Minato-ku, Tokyo-to	Property B comprises a 15-storey residential building completed in 2015. The site area of Property B is approximately 416.49m ² according to the registry book. According to the registry book, the total gross floor area of Property B is approximately 3,274.47m ² . The rentable area of the Property is approximately 2,550.35m ² . Property B is held under freehold.		

Notes:

- (1) As per copy of the Real Estate Title Certificates issued by the Legal Affairs Bureau, the registered owner of Property B as of 31 August 2021 is HKRJ Haluwa TMK, which is controlled by the Company.
- (2) The zoning and other statutory restrictions on Property B are as follows:
 - City Planning Area
 - Urbanization Promotion Area
 - Commercial District
 - Fire Protection District
 - Building Coverage Ratio: 100% (Relaxation applied for a fire-resistant building located within a fire protection district)
 - Floor Area Ratio: 674.39%
- (3) Details of Property B:
 - (a) Details of encumbrances, liens, pledges, mortgages against Property B: Nil
 - (b) Details of investigations, notices, pending litigation, breaches of law of title defects: Nil
 - (c) Future plans for construction, renovation, improvement or development of Property B and estimated associated costs: Nil
- (4) Our valuation has been made on Income Approach. The value by Income Approach has been determined based on DCF method and cross-checked by the Direct Comparison Method of JPY3,490,000,000 for Property B.

VALUATION CERTIFICATE

Property interest held for rental purpose

Property	Description, age and tenure	Particulars of occupancy	Market value as at 30 September 2021
Graphio Nishi-Shinjuku No. 22-9 (“Property C”)	Property C resides on a somewhat rectangular shaped and levelled site. The site boundaries about a 30-meter-wide public road on its north.	As advised, Property C was leased to multiple tenants as at the date of valuation at a total monthly rental of JPY16,545,810 with the latest lease expiry on 28 February 2023.	JPY4,500,000,000 (Japanese Yen Four Billion Five Hundred Million)
Land Lot No. 22-9, Nishi Shinjuku 1-chome, Shinjuku-ku, Tokyo-to	Property C comprises a 13-storey office building completed in 2007. The site area of Property C is approximately 253.16m ² according to the registry book. According to the registry book, the total gross floor area of Property C is approximately 2,537.56m ² . The rentable area of Property C is approximately 2,255.72m ² . Property C is held under freehold.		

Notes:

- (1) As per copy of the Real Estate Title Certificates issued by the Legal Affairs Bureau, the registered owner of Property C as of 31 August 2021 is Mizuho Trust & Banking Co., Ltd. as trustee. HKRJ Graphio GK, which the Company can enjoy all economic beneficial interest by contractual terms, holds beneficiary right of the trust over Property C.
- (2) The zoning and other statutory restrictions of Property C are as follows.
- City Planning Area
Urbanization Promotion Area
Commercial District
Fire Protection District
Parking provision promotion area
Building Coverage Ratio: 100% (Relaxation applied for a fire-resistant building located within a fire protection district)
Floor Area Ratio: 1,000%
- (3) Details of Property C:
- (a) Details of encumbrances, liens, pledges, mortgages against Property C: Nil
- (b) Details of investigations, notices, pending litigation, breaches of law of title defects: Nil
- (c) Future plans for construction, renovation, improvement or development of Property C and estimated associated costs: Nil
- (4) Our valuation has been made on Income Approach. The value by Income Approach has been determined based on DCF method and cross-checked by the Direct Comparison Method of JPY4,400,000,000 for Property C.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' Interests

As at the Latest Practicable Date, the interests and short positions, if any, of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in shares of the Company HK\$0.25 each

Name of director	Capacity	Number of ordinary share				Total	Approximate percentage of issued share capital
		Personal interests	Family interests	Corporate interests	Other interests		
Victor CHA	Beneficial owner and beneficiary of discretionary trusts	1,254,278	–	–	791,896,895 (Note a)	793,151,173	53.40
Johnson CHA	Beneficiary of discretionary trusts	–	–	–	790,469,647 (Note a)	790,469,647	53.22

Name of director	Capacity	Number of ordinary share				Total	Approximate percentage of issued share capital
		Personal interests	Family interests	Corporate interests	Other interests		
Madeline WONG	Founder and/or beneficiary of discretionary trusts	–	–	–	789,684,882 <i>(Notes b & c)</i>	789,684,882	53.17
Ronald ARCULLI	Beneficiary of a trust	265,619	–	–	–	265,619	0.02
Loretta HO	Beneficial owner	94,160	–	–	–	94,160	0.01
TANG Moon Wah	Beneficial owner	148,720	–	–	–	148,720	0.01

Notes:

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

(b) 635,627,031 shares belonged to certain but not identical discretionary trusts of which CCM Trust and LBJ Regents are the corporate trustees and the Director is among the members of the classes of discretionary beneficiaries.

(c) The Director is, under two separate discretionary trusts of which CCM Trust and LBJ Regents are corporate trustees, the founder and member of the classes of discretionary beneficiaries thereof. Such trusts are deemed to be interested in 154,057,851 shares in aggregate.

(ii) *Share options granted to the Directors pursuant to the share option scheme adopted by the Company on 8 September 2011*

Name of director	Date of grant <i>(Note a)</i>	Exercise price per share <i>(HK\$)</i>	Number of share options outstanding as at the Latest Practicable Date	Approximate percentage of issued share capital <i>(Note b)</i>
Victor CHA	28 February 2017	3.845	3,190,000	0.59
	12 March 2018	4.373	5,500,000	
TANG Moon Wah	28 February 2017	3.845	2,200,000	0.37
	12 March 2018	4.373	3,300,000	

Name of director	Date of grant <i>(Note a)</i>	Exercise price per share <i>(HK\$)</i>	Number of share options outstanding as at the Latest Practicable Date	Approximate percentage of issued share capital <i>(Note b)</i>
CHEUNG Ho Koon	12 March 2018	4.373	440,000	0.03
Johnson CHA	28 February 2017	3.845	1,210,000	0.20
	12 March 2018	4.373	1,760,000	
Madeline WONG	28 February 2017	3.845	1,210,000	0.20
	12 March 2018	4.373	1,760,000	
Ronald ARCULLI	28 February 2017	3.845	1,210,000	0.20
	12 March 2018	4.373	1,760,000	
Loretta HO	28 February 2017	3.845	770,000	0.11
	12 March 2018	4.373	880,000	
Linus CHEUNG	28 February 2017	3.845	550,000	0.10
	12 March 2018	4.373	880,000	
TANG Kwai Chang	28 February 2017	3.845	220,000	0.07
	12 March 2018	4.373	880,000	

(a) Share options granted on 28 February 2017 are exercisable during the period from 28 February 2017 to 27 February 2027.

Share options granted on 12 March 2018 are exercisable during the period from 12 March 2018 to 11 March 2028.

(b) The percentage is calculated based on the total number of issued shares of the Company as at the Latest Practicable Date (i.e. 1,485,301,803 shares of the Company).

Save as disclosed above and for certain Directors holding non-beneficial interests in the share capital of some of the subsidiaries of the Company as the nominee shareholders, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company and their respective associates held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' Interests

So far as is known to each Director or the chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a Director or the chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(i) Long positions in shares of the Company of HK\$0.25 each

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

Notes:

(a) The shares interests comprise 571,011,401 shares held directly by CCM Trust and 144,606,568 shares held indirectly through wholly-owned subsidiaries of Mingly Corporation ("Mingly"), which CCM Trust is interested in 87.5% equity interest. CCM Trust holds the above share interests as corporate trustee of certain but not identical discretionary trusts of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi Ming's issue. Ms Madeline WONG, being a Director, is also director of CCM Trust.

(b) The shares are held by LBJ Regents as corporate trustee of certain but not identical discretionary trusts of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi Ming's issue. Ms Madeline WONG, Mr Victor CHA and Mr Johnson CHA, being Directors, are also directors of LBJ Regents.

(c) The shares are held indirectly by Mingly through its wholly-owned subsidiaries. Ms Madeline WONG, Mr Victor CHA and Mr Johnson CHA, being Directors, are also directors of Mingly.

(d) As at 12 May 2021 as disclosed to the Stock Exchange, 4,936,800 shares are held jointly by OEI Kang Eric with another person and 71,285,600 shares are held by corporations (including Claudio Holdings Limited) controlled by OEI Kang Eric.

(e) As at 14 May 2021 as disclosed to the Stock Exchange, the shares are held by, through corporations controlled by, Claudio Holdings Limited.

(ii) *Other members of the Group*

<u>Name of subsidiary</u>	<u>Name of shareholder</u>	Approximate percentage of issued share capital held in the subsidiary
Hong Kong Resort Company Limited (<i>Note</i>)	Baylink Investments Limited	50.00
Partner Ally Limited	Sumirin Hong Kong Limited	25.00

Note: Hong Kong Resort Company Limited is a holding company of 29 wholly-owned subsidiaries all of which Baylink Investments Limited is deemed to have a 50% indirect interest therein.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company was aware of any other person, other than a Director or the chief executive of the Company, who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. DIRECTORS' INTERESTS

(a) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

(b) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have, since 31 March 2021 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

(c) None of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of the Group.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

(a) Mr Ronald ARCULLI is a non-executive director of Sino Hotels (Holdings) Limited ("SHH"), Sino Land Company Limited ("SLC") and Tsim Sha Tsui Properties Limited ("TSTP"). The businesses of SHH, SLC and TSTP involve at least some of property investment, property development, property management and hotel management and ownership. SHH, SLC and TSTP are all listed on the Stock Exchange.

(b) Mr Johnson CHA is the non-executive chairman of Hanison Construction Holdings Limited ("Hanison") whose group's businesses consist of property investment, property development, property management and healthcare services. Hanison is listed on the Stock Exchange.

5. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or administrative proceedings of material importance and no litigation, arbitration, administrative proceedings or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. QUALIFICATION AND CONSENT OF EXPERT

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

Name	Qualification
Jones Lang LaSalle Limited	Independent Property Valuer

(b) As at the Latest Practicable Date, Jones Lang LaSalle Limited did not have any shareholding in any member of the 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 Group.

(c) As at the Latest Practicable Date, Jones Lang LaSalle Limited did not have any interest, direct or indirect, in any assets which have been, since 31 March 2021 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

(d) Jones Lang LaSalle Limited 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.

7. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two years immediately preceding the date of this circular are, or may be, material:

(a) the tender submitted by Regal Galaxy Investment Limited (“Regal Galaxy”) as the tenderer and accepted by Kingem Investment Limited as the vendor on 8 December 2020 regarding the successful tender by the Regal Galaxy for the purchase of all that piece or parcel of ground situate lying and being at Kowloon and registered in the Land Office as the Kowloon Inland Lot No.9230 and of and in the messuages erections and buildings thereon now known as United Daily News Centre, No. 21 Yuk Yat Street (also known as No.8 Kwei Chow Street), Kowloon at a consideration of HK\$310 million. Further details of the tender are set out in the announcement of the Company dated 8 December 2020.

(b) the agreement entered into between 杭盛物業管理(杭州)有限公司 (Hangsheng Property Management (Hangzhou) Company Limited[#]) (“Hangsheng”) and 杭州潤灝置業有限公司 (Hangzhou Runhao Real Estate Co., Ltd.[#]) for Hangsheng acquire all 156 office units located at the 8th to 19th floors and the right of use of 62 parking lots at the 2nd floor and 4th floor basement, of a retail cum office building, namely Jinsha INCITY located at No. 97 Jinsha Avenue, Xiasha Sub-district, Qiantang District, Hangzhou at a total consideration of RMB413,563,056 (equivalent to approximately HK\$498.5 million). Further details of the agreement are set out in the announcement of the Company dated 17 September 2021.

(c) the SPAs.

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

8. MISCELLANEOUS

(a) The secretary of the Company is Ms LEUNG Wai Fan. She is an associate member of The Hong Kong Chartered Governance Institute.

- (b) The registered office of the Company is at P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.
- (c) The principal place of business of the Company in Hong Kong is at 23/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.hkri.com>) from the date of this circular until 14 days hereafter:

- (a) the SPAs;
- (b) the property valuation report from Jones Lang LaSalle Limited, the text of which is set out in this circular; and
- (c) the written consent referred to in the paragraph headed “Qualification and Consent of Expert” in this appendix.