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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF A REAL PROPERTY IN JAPAN

The Company is pleased to announce that the Purchaser, an indirect wholly-owned subsidiary of the Company, has entered into the Agreement with the Vendor on 21 July 2010 pursuant to which the Purchaser has agreed to acquire the Property for the Consideration of JPY3,450,000,000 (approximately HK\$308,154,000).

As one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

THE ACQUISITION

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THE AGREEMENT

Date

21 July 2010

Parties

Purchaser: Hojo Pte. Ltd.

Vendor: Ken Corporation, Ltd.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Property

The Property comprises land located at 4-chome 2-41 Roppongi, Minato-ku, Tokyo, Japan and one building namely “Homat Sun” for 18 residential units.

The Property is subject to tenancy agreements of which approximately 84% of the total rentable area was leased in May 2010. The gross annualised rental income attributable to the Property is JPY248,400,000 (approximately HK\$22,187,000) at rental rate in May 2010 on a fully-leased basis.

The valuation of the Property was JPY3,340,000,000 (approximately HK\$298,328,800) (excluding all consumption taxes) as at mid July 2010 as provided by an independent valuer appointed by the Group.

The Property is sold by the Vendor on a “as is” basis with existing tenancies and will be free from mortgage upon Completion.

Consideration

The Consideration of JPY3,450,000,000 (approximately HK\$308,154,000) comprises prices for the land and the building together with all consumption taxes for the building (including local consumption tax) to be absorbed by the Purchaser.

The Consideration will be fully paid by the Purchaser to the Vendor in cash upon Completion.

The Consideration is arrived at after arm’s length negotiation between the Purchaser and the Vendor with reference to the valuation of the Property as well as the market value of the comparable properties in the vicinity of the Property. The Consideration will be satisfied by the Group’s internal resources and bank borrowings.

Conditions Precedent

Completion is subject to the delivery by the Vendor of the Property free from any mortgage or other encumbrances and the payment of the consideration in full by the Purchaser together with other relevant documents and that all the representations and warranties set forth in the Agreement remain true and correct, unless waived by either party.

Prior to or on Completion, the Purchaser may transfer its contractual position under the Agreement to a special purpose vehicle set up by the Purchaser and/or its affiliated company in Japan.

If either party terminates the Agreement on such grounds, including, inter alia, commencement of bankruptcy or insolvency proceedings or breach of obligations set forth in the Agreement, the party in breach shall pay a liquidated damage to the non-defaulting party in the amount equivalent to 20% of the Consideration.

Completion

Completion will take place on 30 July 2010 and the 7th Business Day following the day of the Agreement, whichever is the later.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Property is located at the prime district of Minato-ku, Tokyo, Japan with proximity to metro stations.

The Property will be held by the Group for investment purposes. The Directors are of the view that the Acquisition will further broaden the investment portfolio of the Group in Japan, and can generate steady and marketable recurring income to the Group and increase in value of the Property in a longer term.

The Directors consider that the terms and conditions of the Acquisition are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

The principal business activity of the Company is investment holding. Its subsidiaries are principally engaged in property development and management, the provision of essential and recreational services for residential housing and leisure projects in Discovery Bay, Lantau Island, property investment, hotel operation, healthcare services, manufacturing and other investments.

As one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The principal business activity of the Vendor is to provide total consulting services as a general real estate company in Tokyo. There is no prior transaction and relationship between the Company and the Vendor and its associates in the last 12 months which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the following meanings:-

“Acquisition”	acquisition of the Property by the Purchaser pursuant to the Agreement
“Agreement”	sale and purchase agreement dated 21 July 2010 made between the Vendor and the Purchaser in relation to the Acquisition
“Business Day(s)”	means each day on which banks in Hong Kong and banks in Japan are open for business
“Closing Date”	later of 30 July 2010 or the 7th Business Day following the day of the Agreement
“Company”	HKR International Limited, a company incorporated in the Cayman Islands with limited liability, the issued securities of which are listed on the main board of the Stock Exchange

“Completion”	completion of the Agreement
“Consideration”	JPY3,450,000,000 (approximately HK\$308,154,000) payable by the Purchaser to the Vendor as consideration for the Acquisition pursuant to the Agreement
“Directors”	board of directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Property”	comprises land located at 4-chome 2-41 Roppongi, Minato-ku, Tokyo, Japan and one building namely “Homat Sun” for 18 residential units
“Purchaser”	Hojo Pte. Ltd., a company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Ken Corporation, Ltd., a company incorporated in Japan, the current registered owner of the Property
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JPY”	Japanese Yen, the lawful currency of Japan

This announcement contains conversion of certain JPY amounts into HK\$ amounts at the rate of JPY1 = HK\$0.08932

By order of the Board
HKR INTERNATIONAL LIMITED
CHUNG Sam Tin Abraham
Executive Director

Hong Kong, 22 July 2010

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 CHEUNG Tseung Ming

Mr CHUNG Sam Tin Abraham

Mr TANG Moon Wah

Non-executive Directors

The Honourable Ronald Joseph ARCULLI

Mr CHA Mou Daid Johnson

Mr CHEUNG Wing Lam Linus

Ms WONG CHA May Lung Madeline

Independent Non-executive Directors

Dr CHENG Kar Shun Henry

Dr The Honourable CHEUNG Kin Tung Marvin

Ms HO Pak Ching Loretta

Dr QIN Xiao

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