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**建業實業有限公司**  
Chinney Investments, Limited

*(Incorporated in Hong Kong with limited liability)*  
**(Stock code: 216)**



**漢國置業有限公司**  
Hon Kwok Land Investment Company, Limited

*(Incorporated in Hong Kong with limited liability)*  
**(Stock code: 160)**

## **JOINT ANNOUNCEMENT**

### **DISCLOSEABLE TRANSACTION**

#### **ACQUISITION OF A HOTEL PROPERTY IN ASAKUSA, TOKYO**

On 30 August 2023, The Bauhinia Hotels Group Japan 2 entered into the Sale and Purchase Agreement with the Vendor in relation to the acquisition of the Property at the consideration, inclusive of local consumption tax, of approximately JPY1,572.5 million (equivalent to approximately HK\$84.9 million).

The Bauhinia Hotels Group Japan 2 was established as a TK Arrangement and is solely funded and controlled by the JV Company which is in turn 60% owned by Best Range Global, a direct wholly-owned subsidiary of Hon Kwok and an indirect non-wholly-owned subsidiary of CIL.

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% (and all other applicable percentage ratios are below 5%) for both CIL and Hon Kwok. Accordingly, the Acquisition constitutes a discloseable transaction for each of CIL and Hon Kwok and is subject to the notification and publication requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

On 30 August 2023, The Bauhinia Hotels Group Japan 2 entered into the Sale and Purchase Agreement with the Vendor in relation to the acquisition of the Property at the consideration, inclusive of local consumption tax, of approximately JPY1,572.5 million (equivalent to approximately HK\$84.9 million).

The Bauhinia Hotels Group Japan 2 was established as a TK Arrangement and is solely funded and controlled by the JV Company which is in turn 60% owned by Best Range Global, a direct wholly-owned subsidiary of Hon Kwok and an indirect non-wholly-owned subsidiary of CIL.

## THE SALE AND PURCHASE AGREEMENT

**Date:** 30 August 2023

**Parties:** (i) The Bauhinia Hotels Group Japan 2; and  
(ii) the Vendor

The Vendor is a company incorporated in Japan principally engaged in real estate investment and asset management in Japan. It is 100% beneficially owned by Mr. Kazunobu Saito (齊藤和伸) who is a registered dentist in Japan and a professional real estate investor.

To the best of the knowledge, information and belief of the respective directors of CIL and Hon Kwok, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of CIL, Hon Kwok and their respective connected persons.

**Assets to be acquired:**

The Property is a capsule hotel located at Kaminarimon 1, Taito-ku, Tokyo, Japan and within 5 minutes walking distance from Asakusa Metro Station. It is a 9-storey building with a total gross floor area of approximately 1,316 sq.m. and consisted of 147 capsules and 5 guest hotel rooms. The Property has been leased to an independent hotel operator in Japan in July 2023 for a term of 15 years expiring on 30 June 2038 at the following net monthly rental rate:

- From 1 July 2023 to 30 June 2024:  
JPY5 million per month (equivalent to approximately HK\$270,000)
- From 1 July 2024 to 30 June 2025:  
JPY6 million per month (equivalent to approximately HK\$324,000)
- From 1 July 2025 to 30 June 2026:  
JPY7 million per month (equivalent to approximately HK\$378,000)
- From 1 July 2026 to 30 June 2027:  
JPY8 million per month (equivalent to approximately HK\$432,000)

- From 1 July 2027 to 30 June 2028:  
JPY9 million per month (equivalent to approximately HK\$486,000)
- From 1 July 2028 to 30 June 2038:  
JPY10 million per month (equivalent to approximately HK\$540,000)

The market value of the Property as at 1 August 2023 was JPY2,300 million (equivalent to approximately HK\$124.2 million) based on the valuation by an independent property valuer.

**Consideration:** The Consideration of approximately JPY1,572.5 million (equivalent to approximately HK\$84.9 million), comprising consideration for the land and the building together with all consumption tax which is to be borne by The Bauhinia Hotels Group Japan 2, is determined after arm's length negotiations between the JV Company and the Vendor with reference to the prevailing market value of the Property and the capability of The Bauhinia Hotels Group Japan 2 to meet the Vendor's requirement to complete the Acquisition in a short period of time.

The entire amount of the Consideration shall be paid upon completion of the Acquisition.

**Completion:** Completion of the Acquisition has taken place on 30 August 2023.

## THE TK ARRANGEMENT

Through the TK Arrangement, the JV Company (as TK Investor) shall provide funding to The Bauhinia Hotels Group Japan 2 (as TK Operator) to complete the Acquisition, while The Bauhinia Hotels Group Japan 2 shall be responsible for the holding and management of the Property and distribute the allocable profits generated from the Property to the JV Company.

The ownership of The Bauhinia Hotels Group Japan 2 is held by "Ippan shadan hojin" (known as "ISH"), which is a form of "orphan entity" established in Japan (a legal entity without any shareholder) solely to act as the holding company of the TK Operator as part of the TK Arrangement (as the TK Investor has no equity interest in the TK Operator). The ISH does not have any interest in the income, loss or net worth of the investments, and is obligated to transfer upon request its interest in the TK Operator to the TK Investor upon termination of the TK Arrangement.

For the purpose of the Acquisition, the JV Company has engaged and appointed Kato CPA Firms, a Japan certified public accounting firm, for the setting up and management of the ISH of The Bauhinia Hotels Group Japan 2.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

CIL is an investment holding company incorporated in Hong Kong with limited liability. CIL Group (including Hon Kwok Group) is mainly engaged in properties investment.

Hon Kwok is an investment holding company incorporated in Hong Kong with limited liability. Hon Kwok Group is mainly engaged in property development, property investment and property related businesses.

The JV Company was established for the purpose of investing in hotel properties in Japan. As stated in the announcements of CIL and Hon Kwok dated 9 August 2023, the JV Company will continue to seek attractive investment opportunities in Japan market and the Property is the second hotel in Japan that has been acquired by the JV Company.

The Property is located at the prime district of Asakusa, Japan with proximity to metro station and one of the most famous traveler attractions in Tokyo, Senso-Ji (淺草寺). The Property is a capsule hotel targeted for budget tourists' travelers. It is currently leased to an independent hotel operator in Japan for a term of 15 years expiring on 30 June 2038 at a net monthly rental rate starting from JPY5 million (equivalent to approximately HK\$270,000) for the first year up to JPY10 million (equivalent to approximately HK\$540,000) for the period from 1 July 2028 till the expiry of the lease, and thus able to provide a stable source of recurring income to both CIL Group and Hon Kwok Group.

The Consideration was satisfied by (i) bank borrowing of JPY1,000 million (equivalent to approximately HK\$54.0 million) obtained by The Bauhinia Hotels Group Japan 2; and (ii) the capital retained in the JV Company of which the relevant portion contributed by Best Range Global was funded by internal resources of Hon Kwok. The financial results of The Bauhinia Hotels Group Japan 2 shall be consolidated into the financial statements of both CIL Group and Hon Kwok Group.

CIL Board is of the view that the Acquisition is in the ordinary and usual course of business of CIL Group, and the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition are in the interests of CIL and its shareholders as a whole.

Hon Kwok Board is of the view that the Acquisition is in the ordinary and usual course of business of Hon Kwok Group, and the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition are in the interests of Hon Kwok and its shareholders as a whole.

## LISTING RULES IMPLICATIONS

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% (and all other applicable percentage ratios being below 5%) for both CIL and Hon Kwok. Therefore, the Acquisition constitutes a discloseable transaction for each of CIL and Hon Kwok and is subject to the notification and publication requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Acquisition”	the acquisition of the Property by The Bauhinia Hotels Group Japan 2 from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Best Range Global”	Best Range Global Limited, a company incorporated in BVI with limited liability and is a direct wholly-owned subsidiary of Hon Kwok
“BVI”	the British Virgin Islands
“CIL”	Chinney Investments, Limited (建業實業有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 216), and is the holding company of Hon Kwok
“CIL Board”	the board of directors of CIL
“CIL Group”	CIL and its subsidiaries (excluding Hon Kwok Group)
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration in the sum of approximately JPY1,572.5 million (equivalent to approximately HK\$84.9 million), inclusive of local consumption tax, payable by The Bauhinia Hotels Group Japan 2 to the Vendor for the Acquisition
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hon Kwok”	Hon Kwok Land Investment Company, Limited (漢國置業有限公司), a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 160), and is directly owned as to 68.09% by CIL
“Hon Kwok Board”	the board of directors of Hon Kwok
“Hon Kwok Group”	Hon Kwok and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“JPY”	Japanese Yen, the lawful currency of Japan
“JV Company”	Optimal Trade Holdings Limited (貿旺控股有限公司), a company incorporated in BVI with limited liability and is owned as to 60% by Best Range Global and 40% by Long View Japan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long View Japan”	Long View Japan Limited (恆景日本有限公司), a company incorporated in BVI with limited liability and is 100% owned by Mr. Hui Ka Leung, Thomas
“Property”	comprises land and a 9-storey hotel building situated at Kaminarimon 1, Taito-ku, Tokyo, Japan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 August 2023 entered into between The Bauhinia Hotels Group Japan 2 and the Vendor in respect of the Acquisition
“sq. m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“The Bauhinia Hotels Group Japan 2”	The Bauhinia Hotels Group Japan 2 合同會社 (Godo Kaisha), a limited liability corporation formed by the JV Company (being the TK Investor) by way of TK Arrangement under the laws of Japan

“TK Arrangement”	a contractual arrangement between the JV Company and The Bauhinia Hotels Group Japan 2 as defined in the Commercial Code of Japan, which is a typical investment structure adopted by foreign investors when investing in Japan
“Vendor”	MEDI 株式會社 (Kabushiki Kaisha), a limited liability corporation with issued share capital incorporated in Japan and is 100% beneficially owned by Mr. Kazunobu Saito (齊藤和伸)
“%”	per cent.

*For the purpose of this announcement, amounts denominated in JPY have been translated into HK\$ at an exchange rate of JPY1.00 = HK\$0.054. No representation is made that any amounts in JPY and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.*

By Order of the Board  
**Chinney Investments, Limited**  
 (建業實業有限公司)  
**Ka-Yee Wan**  
*Company Secretary*

By Order of the Board  
**Hon Kwok Land Investment Company, Limited**  
 (漢國置業有限公司)  
**Ka-Yee Wan**  
*Company Secretary*

Hong Kong, 30 August 2023

*At the date of this announcement, the directors of CIL are Dr. James Sai-Wing Wong (Chairman), Mr. Yuen-Keung Chan (Vice Chairman and Managing Director) and Mr. James Sing-Wai Wong as executive directors; Mr. Paul Hon-To Tong and Dr. Emily Yen Wong as non-executive directors; and Mr. Richard Chi-Ho Lo, Mr. Winfred Wai-Lap Fan and Mr. Randall Todd Turney as independent non-executive directors.*

*At the date of this announcement, the directors of Hon Kwok are Dr. James Sai-Wing Wong (Chairman), Mr. James Sing-Wai Wong, Mr. Xiao-Ping Li and Mr. Philip Bing-Lun Lam as executive directors; and Ms. Janie Fong, Mr. David Tak-Wai Ma and Mr. James C. Chen as independent non-executive directors.*