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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 VOLUNTARY ANNOUNCEMENT

FURTHER INCREASE IN CAPITAL COMMITMENT TO THE JV COMPANY FOR FURTHER ACQUISITION OF PROPERTIES IN JAPAN

THE SECOND SUPPLEMENTAL SHAREHOLDERS' AGREEMENT

On 3 November 2023, Best Range Global (a direct wholly-owned subsidiary of Hon Kwok) entered into the Second Supplemental Shareholders' Agreement with Long View Japan and the JV Company, pursuant to which Best Range Global and Long View Japan agreed to further increase their capital commitment to the JV Company on a pro-rata basis by an aggregate amount of JPY5,700 million (equivalent to approximately HK\$296.40 million) for potential additional investment in hotel properties in Japan. The JV Company is owned as to 60% and 40% by Best Range Global and Long View Japan respectively. Accordingly, the respective amount of further capital commitment to be contributed by each of Best Range Global and Long View Japan shall be up to the amount of JPY3,420 million (equivalent to approximately HK\$177.84 million) and JPY2,280 million (equivalent to approximately HK\$118.56 million).

Under the Previous Transactions, total capital commitment of Best Range Global to the JV Company amounted to JPY2,810.4 million (equivalent to approximately HK\$154.57 million as at the date of the Supplemental Shareholders' Agreement and approximately HK\$146.14 million as at the date of this joint voluntary announcement). Taking into account the amount of further capital commitment of Best Range Global pursuant to the Second Supplemental Shareholders' Agreement, its maximum amount of capital commitment to the JV Company will be increased to JPY6,230.4 million (equivalent to approximately HK\$323.98 million as at the date of this joint voluntary announcement).

LISTING RULES IMPLICATIONS

CIL is the controlling shareholder of Hon Kwok, holding approximately 68.09% of its existing issued share capital. Best Range Global is a direct wholly-owned subsidiary of Hon Kwok and an indirect non-wholly-owned subsidiary of CIL.

As the Second Supplemental Shareholders' Agreement was entered into in a 12-month period from the Previous Transactions, the transactions contemplated thereunder are required to be aggregated with the Previous Transactions when classifying the relevant transaction type under Chapter 14 of the Listing Rules. Except for the consideration ratio, all other applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Second Supplemental Shareholders' Agreement (when aggregated with the Previous Transactions) is below 5% for each of CIL and Hon Kwok. For the consideration ratio, CIL and Hon Kwok considered that it produces an anomalous result and applied to the Stock Exchange to apply an alternative size test. The Stock Exchange exercised its discretion under Rule 14.20 of the Listing Rules to adopt such alternative size test, and as the same is also below 5% for each of CIL and Hon Kwok, the transactions contemplated under the Second Supplemental Shareholders' Agreement (when aggregated with the Previous Transactions) do not constitute a notifiable transaction for each of CIL and Hon Kwok under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the Previous Announcements in relation to the Previous Transactions.

On 3 November 2023, Best Range Global (a direct wholly-owned subsidiary of Hon Kwok) entered into the Second Supplemental Shareholders' Agreement with Long View Japan and the JV Company, pursuant to which Best Range Global and Long View Japan agreed to further increase their capital commitment to the JV Company on a pro-rata basis by an aggregate amount of JPY5,700 million (equivalent to approximately HK\$296.40 million). The JV Company is owned as to 60% and 40% by Best Range Global and Long View Japan respectively. Accordingly, the respective amount of further capital commitment to be contributed by each of Best Range Global and Long View Japan shall be up to the amount of JPY3,420 million (equivalent to approximately HK\$177.84 million) and JPY2,280 million (equivalent to approximately HK\$118.56 million).

Under the Previous Transactions, total capital commitment of Best Range Global to the JV Company amounted to JPY2,810.4 million (equivalent to approximately HK\$154.57 million as at the date of the Supplemental Shareholders' Agreement and approximately HK\$146.14 million as at the date of this joint voluntary announcement). Taking into account the amount of further capital commitment of Best Range Global pursuant to the Second Supplemental Shareholders' Agreement, its maximum amount of capital commitment to the JV Company will be increased to JPY6,230.4 million (equivalent to approximately HK\$323.98 million as at the date of this joint voluntary announcement).

THE SECOND SUPPLEMENTAL SHAREHOLDERS' AGREEMENT

- Date : 3 November 2023
- Parties : (i) Best Range Global, a direct wholly-owned subsidiary of Hon Kwok;
(ii) Long View Japan, an independent third party; and
(iii) JV Company
- Further increase in capital commitment : Pursuant to the Second Supplemental Shareholders' Agreement, to finance further acquisition of hotel properties in Japan by the JV Company as the board of directors of the JV Company may unanimously agree, Best Range Global and Long View Japan agreed to further increase their capital commitment to the JV Company on a pro-rata basis by an aggregate amount of JPY5,700 million (equivalent to approximately HK\$296.40 million), of which:
- (i) Best Range Global agrees to further increase its capital commitment to the JV Company by JPY3,420 million (equivalent to approximately HK\$177.84 million); and
 - (ii) Long View Japan agrees to further increase its capital commitment to the JV Company by JPY2,280 million (equivalent to approximately HK\$118.56 million).

Best Range Global's share of such further capital commitment will be funded by Hon Kwok Group from its internal resources.

Notwithstanding the above commitment, the JV Company shall use reasonable endeavours to arrange bank loan(s) to finance the further acquisition(s). If such financing require guarantees, indemnities or securities, each of Best Range Global and Long View Japan shall provide the same on a several and pro rata basis based on their respective shareholding percentage. If bank loan(s) has been arranged for any such further acquisition, the shareholders' loan to be contributed by Best Range Global and Long View Japan shall be reduced by the amount of the net amount of the bank financing.

The amount of further capital commitment was determined after arm's length negotiations between Best Range Global and Long View Japan, with reference to the tentative scale of investment in Japan for both parties, the expected range of asking prices of target investment opportunities and the prevailing property market condition in Japan.

REASONS FOR AND BENEFITS OF FURTHER INCREASE IN CAPITAL COMMITMENT

CIL is an investment holding company and the CIL Group is principally engaged in the businesses of (i) property development, (ii) property investment; and (iii) property and carpark management. The CIL Group's property business is principally carried out by Hon Kwok. Hon Kwok is an investment holding company and the Hon Kwok Group is principally engaged in the businesses of (i) property development, (ii) property investment; and (iii) property and carpark management. Hon Kwok is 68.09% held by CIL and therefore a non-wholly-owned subsidiary of CIL. The JV Company is principally engaged in investment in hotel properties in Japan.

As announced in the Previous Announcements, Best Range Global and Long View Japan have agreed to provide funding to the JV Company up to the amount of JPY4,684 million (equivalent to approximately HK\$243.57 million), 60% of which shall be contributed by CIL Group, amounting to JPY2,810.4 million (equivalent to approximately HK\$154.57 million as at the date of the Supplemental Shareholders' Agreement and approximately HK\$146.14 million as at the date of this joint voluntary announcement).

Since the formation of the JV Company and as disclosed in the announcements dated 27 June 2023, 6 September 2023 and 26 September 2023 of CIL, and the joint announcement dated 30 August 2023 of CIL and Hon Kwok, the JV Company has acquired four hotel properties in Japan, with aggregate consideration amounted to approximately JPY4,532.3 million (equivalent to approximately HK\$235.68 million).

Currently, the JV Company is exploring further investment opportunities of hotel properties in Japan, but no definitive agreement has been entered into by the JV Company. Thus, it is considered essential for Best Range Global and Long View Japan to further increase funding to the JV Company to enable it to make timely responses to attractive offers.

CIL Board is of the view that the entering into of the Second Supplemental Shareholders' Agreement and the transaction contemplated thereunder is in the ordinary and usual course of business of CIL, and the terms of the Second Supplemental Shareholders' Agreement are fair and reasonable and the Increase in Capital Commitment is in the interests of CIL and the CIL Shareholders as a whole.

Hon Kwok Board is of the view that the entering into of the Second Supplemental Shareholders' Agreement and the transaction contemplated thereunder is in the ordinary and usual course of business of Hon Kwok, and the terms of the Second Supplemental Shareholders' Agreement are fair and reasonable and the Increase in Capital Commitment is in the interests of Hon Kwok and the Hon Kwok Shareholders as a whole.

INFORMATION ON THE PARTIES OF THE SECOND SUPPLEMENTAL SHAREHOLDERS' AGREEMENT

Best Range Global is a company incorporated in BVI with limited liability and is a direct wholly-owned subsidiary of Hon Kwok. It is principally engaged in investment holding. Long View Japan is a company incorporated in BVI with limited liability principally engaging in investment holding in the JV Company. It is wholly owned by Mr. Hui Ka Leung, Thomas, who is an experienced investor in Hong Kong and Japan property markets. To the best of the knowledge, information and belief of the CIL Directors and the Hon Kwok Directors, having made all reasonable enquiries, Long View Japan and its ultimate beneficial owner are third parties independent of CIL, Hon Kwok and their respective connected persons.

The JV Company is a company incorporated in BVI with limited liability and is owned as to 60% by Best Range Global and 40% by Long View Japan as at the date of this joint voluntary announcement. The JV Company is principally engaged in investment in hotel properties in Japan.

LISTING RULES IMPLICATIONS

CIL is the controlling shareholder of Hon Kwok, holding approximately 68.09% of its existing issued share capital. Best Range Global is a direct wholly-owned subsidiary of Hon Kwok and an indirect non-wholly-owned subsidiary of CIL.

As the Second Supplemental Shareholders' Agreement was entered into in a 12-month period from the Previous Transactions, the transactions contemplated thereunder are required to be aggregated with the Previous Transactions when classifying the relevant transaction type under Chapter 14 of the Listing Rules. Except for the consideration ratio, all other applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Second Supplemental Shareholders' Agreement (when aggregated with the Previous Transactions) is below 5% for each of CIL and Hon Kwok. For the consideration ratio, CIL and Hon Kwok considered that it produces an anomalous result and applied to the Stock Exchange to apply an alternative size test. The Stock Exchange exercised its discretion under Rule 14.20 of the Listing Rules to adopt such alternative size test, and as the same is also below 5% for each of CIL and Hon Kwok, the transactions contemplated under the Second Supplemental Shareholders' Agreement (when aggregated with the Previous Transactions) do not constitute a notifiable transaction for each of CIL and Hon Kwok under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Best Range Global”	Best Range Global Limited, a company incorporated in BVI with limited liability and 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 the holding company of Hon Kwok
“CIL Board”	board of directors of CIL
“CIL Director(s)”	the director(s) of CIL
“CIL Group”	CIL and its subsidiaries (including Hon Kwok Group)
“CIL Share(s)”	ordinary share(s) in the issued share capital of CIL
“CIL Shareholder(s)”	holder(s) of the CIL Share(s)
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“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 directly owned as to 68.09% by CIL
“Hon Kwok Board”	the board of directors of Hon Kwok
“Hon Kwok Director(s)”	the director(s) of Hon Kwok
“Hon Kwok Group”	Hon Kwok and its subsidiaries
“Hon Kwok Share(s)”	ordinary share(s) in the issued share capital of Hon Kwok
“Hon Kwok Shareholder(s)”	holder(s) of the Hon Kwok Share(s)

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Capital Commitment”	the increase in capital commitment by Best Range Global and Long View Japan pursuant to the Second Supplemental Shareholders’ Agreement
“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 owned as to 60% by Best Range Global and 40% by Long View Japan as at the date of this joint voluntary announcement
“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 100% owned by Mr. Hui Ka Leung, Thomas
“Previous Announcements”	the announcements dated 27 June 2023 and 9 August 2023 of CIL; and the announcements dated 9 August 2023 and 22 August 2023 of Hon Kwok in relation to the Previous Transactions
“Previous Transactions”	the formation of the JV Company pursuant to the Shareholders’ Agreement and increase in capital commitment pursuant to the Supplemental Shareholders’ Agreement
“Second Supplemental Shareholders’ Agreement”	the second supplemental shareholders’ agreement dated 3 November 2023 entered into between Best Range Global and Long View Japan to supplement certain terms and conditions of the shareholders’ agreement dated 27 June 2023 (as amended and supplemented by the Supplemental Shareholders’ Agreement)
“Shareholders’ Agreement”	the shareholders’ agreement dated 27 June 2023 entered into between Best Range Global and Long View Japan in respect of the formation of the JV Company
“Supplemental Shareholders’ Agreement”	the supplemental shareholders’ agreement dated 9 August 2023 entered into between Best Range Global and Long View Japan to supplement certain terms and conditions of the Shareholders’ Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“%”

per cent.

For the purpose of this joint voluntary announcement, unless expressly stated otherwise amounts denominated in JPY have been translated into HK\$ at an exchange rate of JPY1.00 = HK\$0.052. 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, 3 November 2023

At the date of this announcement, the directors of CIL are Mr. James Sing-Wai Wong (Chairman) and Mr. Yuen-Keung Chan (Vice Chairman and Managing Director) as executive directors; Dr. Emily Yen Wong as non-executive director; 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 Mr. James Sing-Wai Wong (Chairman), 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.