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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 OSAKA, JAPAN**

On 7 February 2025, The Bauhinia Hotels Group Japan 5 entered into the Assignment of the Sale Contract Agreement with the Vendor and Green Estate pursuant to which The Bauhinia Hotels Group Japan 5, being the assignee, agreed to take up and assume all the rights and obligations from Green Estate, being the assignor, under the Sale Contract in respect of the acquisition of the Property by Green Estate at the consideration, inclusive of local consumption tax, of approximately JPY1,220 million (equivalent to approximately HK\$62.2 million) from the Vendor.

The Bauhinia Hotels Group Japan 5 was established under the TK Arrangement and is funded and controlled as to 50%, 21% and 29% respectively by the JV Company, Best Range Global and Long View Japan. Since the JV Company is 60% owned by Best Range Global and 40% by Long View Japan, the effective interest of The Bauhinia Hotels Group Japan 5 is controlled as to 51% by Best Range Global and 49% by Long View Japan. Best Range Global is a direct wholly-owned subsidiary of Hon Kwok and an indirect non-wholly-owned subsidiary of CIL.

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% for both CIL and Hon Kwok, 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.

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The Bauhinia Hotels Group Japan 5 was established under the TK Arrangement and is effectively funded and controlled as to 51% by Best Range Global and 49% by Long View Japan. Best Range Global is a direct wholly-owned subsidiary of Hon Kwok and an indirect non-wholly-owned subsidiary of CIL.

## THE ASSIGNMENT OF THE SALE CONTRACT AGREEMENT

**Date:** 7 February 2025

**Parties:** (i) Green Estate, as the assignor  
(ii) The Bauhinia Hotels Group Japan 5, as the assignee; and  
(iii) the Vendor

Green Estate is a company established in Japan principally engaged in real estate investment and deal sourcing in Japan. It is 100% beneficially owned by Mr. Yip Wai Lun who is a director of an insignificant subsidiary (as defined under Rule 14A.09(1) of the Listing Rules) of Hon Kwok engaging in food and beverage business. Mr. Yip Wai Lun and Green Estate are not connected persons of each of CIL and Hon Kwok by virtue of Rule 14A.09 of the Listing Rules.

The Vendor is a company incorporated in Japan principally engaged in real estate investment in Japan. It is 100% beneficially owned by 井上佳代子 (Ms. Kayoko Inoue) who is a professional property investor.

To the best of the knowledge, information and belief of the CIL Directors and Hon Kwok Directors, having made all reasonable enquiries, save as disclosed herein, each of the Green Estate, the Vendor and their respective ultimate beneficial owner are third parties independent of each of CIL and Hon Kwok and their respective connected persons as defined under the Listing Rules.

**Subject Matter:** Pursuant to the Assignment of the Sale Contract Agreement, i) Green Estate agreed to assign to The Bauhinia Hotels Group Japan 5, and The Bauhinia Hotels Group Japan 5 shall take up and assume, all of the rights and obligations of Green Estate under the Sale Contract; and ii) all the parties thereto agreed to extend the completion date under the Sale Contract to 28 February 2025.

**Terms of the** *Date:* 24 July 2024

**Sale Contract:**

*Asset:* The Property is located at a land site at 119-6 Hidenincho, Tennoji Ward, Osaka, Japan. It is a 10-storey hotel building with a total gross floor area of

approximately 1,569 sq.m. and consists of 59 hotel rooms and 42 capsules.

*Consideration:* JPY1,220 million (equivalent to approximately HK\$62.2 million)

The Consideration shall be paid in the following manner:

- (i) a sum of JPY122 million (equivalent to approximately HK\$6.2 million), being approximately 10% of the Consideration, has been paid by Green Estate upon the signing of the Sale Contract (which will be reimbursed from The Bauhinia Hotels Group Japan 5 upon completion of the Acquisition); and
- (ii) the remaining consideration of JPY1,098 million (equivalent to approximately HK\$56 million), being approximately 90% of the Consideration, shall be paid upon completion of the Sale Contract.

*Completion:* Completion of the Sale Contract is tentatively to take place on or before 31 January 2025, and is extended to 28 February 2025 pursuant to the Assignment of the Sale Contract Agreement.

The Consideration of approximately JPY1,220 million (equivalent to approximately HK\$62.2 million), comprising consideration for the land and the building together with all consumption tax which is to be borne by the buyer, is determined after arm's length negotiations between Green Estate and the Vendor with reference to the prevailing market value of the Property. The Bauhinia Hotels Group Japan 5 considered the Consideration fair and reasonable and therefore agreed to take up the Property from Green Estate.

The Property will be delivered vacant possession upon completion of the Acquisition. The Bauhinia Hotels Group Japan 5 will then carry out renovation and upgrade the Property to a premium boutique hotel and lease out the Property to an independent hotel operator in Japan afterwards.

The market value of the Property as at 16 December 2024 was JPY1,380 million (equivalent to approximately HK\$70.4 million) based on the valuation by an independent property valuer.

## **THE TK ARRANGEMENT**

Through the TK Arrangement, the JV Company, Best Range Global and Long View Japan (as TK Investors) shall provide funding to The Bauhinia Hotels Group Japan 5 (as TK Operator) to

complete the Acquisition, while The Bauhinia Hotels Group Japan 5 shall be responsible for the holding and management of the Property and distribute the allocable profits generated from the Property to the JV Company, Best Range Global and Long View Japan based on their respective controlling interests.

The ownership of The Bauhinia Hotels Group Japan 5 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 Investors have 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 Investors upon termination of the TK Arrangement.

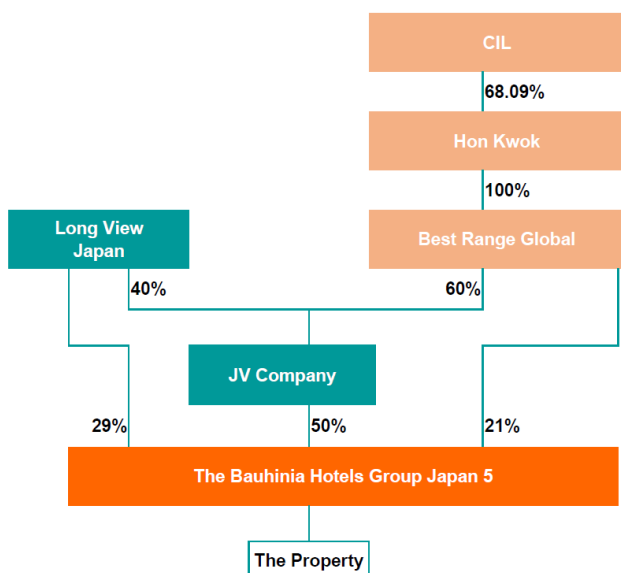
For the purpose of the Acquisition, the JV Company has engaged and appointed Kato CPA Firms, a Japan certified public accounting firm, for the setting up and management of the ISH of The Bauhinia Hotels Group Japan 5.

### 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 property investment.

Hon Kwok is an investment holding company and Hon Kwok Group is principally engaged in the businesses of (i) property development, (ii) property investment and (iii) property and carpark management.

The shareholding structure of the Property after completion of the Acquisition is illustrated as below:



The Property is located at the prime district of Osaka adjacent to Tennoji Station (天王寺站), which is one of the most important transportation hubs in Osaka connected to Japan Railway line, Osaka Metro line and Kansai International Airport.

The Property was referred by Green Estate in the middle of 2024 and at that moment it was leased to a hotel operator in Japan. However, Best Range Global and Long View Japan are not satisfied with the performance of that hotel operator and therefore did not proceed further. Green Estate, on the other hand, took up the Property and was subsequently able to arrange termination of the lease. Best Range Global and Long View Japan then reconsidered the project and decided to take up the Property from Green Estate. As a result, the Property shall be delivered vacant possession upon completion of the Acquisition. The Bauhinia Hotels Group Japan 5 intends to carry out renovation for the Property and then lease to an independent hotel operator in Japan who is a strategic partner currently operating four hotels in Japan for the JV Company. It is expected that the Property could provide a stable source of additional recurring income and make a positive contribution to both CIL Group and Hon Kwok Group in long run.

Apart from the Consideration payable to the Vendor (except for 10% deposit which will be reimbursed to Green Estate upon completion of the Acquisition), The Bauhinia Hotels Group Japan 5 will pay 1% of the Consideration to Green Estate as agency fee.

External financing of not less than 50% of the Consideration is expected to be obtained from banks in Japan and the remaining amount shall be satisfied by equity contributions from Best Range Global and Long View Japan of which the relevant portion to be contributed by Best Range Global shall be funded by internal resources of Hon Kwok. The financial results of The Bauhinia Hotels Group Japan 5 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 Assignment of the Sale Contract Agreement are fair and reasonable and the Acquisition is 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 Assignment of the Sale Contract Agreement are fair and reasonable and the Acquisition is in the interests of Hon Kwok and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

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% for both CIL and Hon Kwok, 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.

Green Estate is 100% beneficially owned by Mr. Yip Wai Lun who is a director of an insignificant subsidiary (as defined under Rule 14A.09(1) of the Listing Rules) of Hon Kwok. Green Estate and Mr. Yip Wai Lun are not connected persons of each of CIL and Hon Kwok by virtue of Rule 14A.09 of the Listing Rules. Therefore, the entering into of the Assignment of the Sale Contract Agreement does not constitute connected transaction of each of CIL and Hon Kwok under Chapter 14A 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 5 pursuant to the Assignment of the Sale Contract Agreement
“Assignment of the Sale Contract Agreement”	the assignment agreement dated 7 February 2025 entered into between The Bauhinia Hotels Group Japan 5 (as assignee), Green Estate (as assignor) and the Vendor pursuant to which The Bauhinia Hotels Group Japan 5 agreed to take up and assume all the rights and obligations of Green Estate under the Sale Contract
“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”	board of CIL Directors
“CIL Director(s)”	the director(s) 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 JPY1,220 million (equivalent to approximately HK\$62.2 million), inclusive of local consumption tax, payable by The Bauhinia Hotels Group Japan 5 to the Vendor for the Acquisition

“Green Estate”	株式會社 Green Estate (Green Estate Company Limited), a limited company with liability limited by share capital incorporated under the laws of Japan and is 100% beneficially owned by Mr. Yip Wai Lun
“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”	board of Hon Kwok Directors
“Hon Kwok Director(s)”	the director(s) 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 10-storey hotel building situated at 119-6 Hidenincho, Tennoji Ward, Osaka, Japan
“Sale Contract”	the sale and purchase agreement dated 24 July 2024 entered into between Green Estate and the Vendor in respect of the acquisition of the Property by Green Estate
“sq. m.”	square meters

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“The Bauhinia Hotels Group Japan 5”	The Bauhinia Hotels Group Japan 5 合同会社 (Godo Kaisha), a limited liability corporation formed by agreement with the JV Company, Best Range Global and Long View Japan (being the investors) under the laws of Japan
“TK Arrangement”	a contractual arrangement between the JV Company, Best Range Global, Long View Japan and The Bauhinia Hotels Group Japan 5 as defined in the Commercial Code of Japan, which is a typical investment structure adopted by foreign investors when investing in Japan
“Vendor”	有限会社ティ・アンド・エム (T&M Company Limited), a limited company with liability limited by registered capital incorporated in Japan and is 100% beneficially owned by 井上佳代子 (Ms. Kayoko Inoue)
“%”	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\$0.051. 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, 7 February 2025

*At the date of this announcement, the directors of CIL are Mr. James Sing-Wai Wong (Chairman), Mr. Yuen-Keung Chan (Vice Chairman and Managing Director) and Mr. Donald Yin-Shing Lam as executive directors; Dr. Emily Yen Wong as non-executive director; and Mr. Richard Chi-Ho Lo, Mr. Winfred Wai-Lap Fan, Mr. Randall Todd Turney and Mr. Stephen Henry Chu 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, Mr. Philip Bing-Lun Lam and Mr. Donald Yin-Shing Lam as executive directors; Dr. Emily Yen Wong as non-executive director; and Ms. Janie Fong, Mr. David Tak-Wai Ma, Mr. James C. Chen and Mr. Raymond Ming-Joe Chow as independent non-executive directors.*