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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)

### DISCLOSEABLE TRANSACTION

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

Reference is made to the announcement of the Company dated 27 June 2023 (the “First Announcement”) in relation to the formation of the JV Company and the Acquisition.

The Company is pleased to announce that a bank financing of JPY834 million (equivalent to approximately HK\$45.87 million) has been obtained for the Acquisition. The relevant loan documents (the “Loan Documents”), however, contain a term that Hon Kwok is required to be a guarantor of The Bauhinia Hotels Group Japan with a maximum guaranteed amount of JPY500.4 million (equivalent to approximately HK\$27.52 million) (the “Guaranteed Amount”), which is determined based on the shareholding percentage of Best Range Global in the JV Company.

Furthermore, on 9 August 2023, the JV Parties entered into the Supplemental Shareholders’ Agreement pursuant to which the JV Parties agreed to provide additional funding (comprising capital contributions and, where required, guarantee(s) to be provided by the JV Parties and/or their respective affiliate(s) to secure any external financing) to the JV Company up to the amount of JPY2,350 million (equivalent to approximately HK\$129.25 million), 60% of which shall be contributed by the Group, amounting to JPY1,410 million (equivalent to approximately HK\$77.55 million) (the “Additional Capital Commitment”), for potential additional investments in hotel properties in Japan.

Accordingly, the aggregate capital commitment of the Group to the JV Company under the Shareholders’ Agreement, as amended and supplemented by the Supplemental Shareholders’ Agreement, being its portion of the Initial Capital Contribution, the Guaranteed Amount and the Additional Capital Commitment, amounted to JPY2,810.4 million (equivalent to approximately HK\$154.57 million) (the “Total Capital Commitment”).

As one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Total Capital Commitment exceeds 5% but is less than 25% (and all other relevant percentage ratios are below 5%), the formation of the JV Company (as supplemented by the Supplemental Shareholders' Agreement) remains a discloseable transaction for the Company and is subject to the notification and publication requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Reference is made to the First Announcement. Terms used herein, unless defined otherwise, shall have the same respective meanings as set out in the First Announcement.

## **A BANK FINANCING FOR THE ACQUISITION**

As disclosed in the First Announcement, The Bauhinia Hotels Group Japan entered into the Sale and Purchase Agreement with the Vendor for the acquisition of the Property at a consideration of approximately JPY1,500 million (equivalent to approximately HK\$82.50 million). According to the Shareholders' Agreement, Best Range Global and Long View Japan shall contribute to the JV Company shareholders' loans of JPY900 million (equivalent to approximately HK\$49.50 million) and JPY600 million (equivalent to approximately HK\$33.00 million) respectively, being their Initial Capital Contribution, for completing the Acquisition.

The Company is pleased to announce that a bank financing of JPY834 million (equivalent to approximately HK\$45.87 million) has been obtained for the Acquisition. The Loan Documents, however, contain a term that Hon Kwok is required to be a guarantor of The Bauhinia Hotels Group Japan with a maximum guaranteed amount of JPY500.4 million (equivalent to approximately HK\$27.52 million). Such amount is determined based on the shareholding percentage of Best Range Global in the JV Company. Pursuant to the terms of the Shareholders' Agreement, any excess capital from the Initial Capital Contribution and bank financing, after settlement of the consideration under the Acquisition, will be retained in Japan for future investments purpose.

## **THE SUPPLEMENTAL SHAREHOLDERS' AGREEMENT**

The JV Company is also exploring further investment opportunities in Japan and is in negotiations with potential sellers of certain hotel properties in Japan, but no definitive agreement has been entered into by the JV Company as at the date of this announcement. In order to have more flexibility in such negotiations and to enable the JV Company to make timely responses to any attractive offers, on 9 August 2023, the JV Parties entered into the Supplemental Shareholders' Agreement pursuant to which the JV Parties agreed to provide additional funding (comprising capital contributions and, where required, guarantee(s) to be provided by the JV Parties and/or their respective affiliate(s) to secure any external financing) to the JV Company up to the amount of JPY2,350 million (equivalent to approximately HK\$129.25 million), and 60% of which shall be contributed by the Group, amounting to JPY1,410 million (equivalent to approximately HK\$77.55 million).

Accordingly, the aggregate capital commitment of the Group to the JV Company under the Shareholders' Agreement, as amended and supplemented by the Supplemental Shareholders' Agreement, being the Total Capital Commitment comprising its portion of the Initial Capital Contribution, the Guaranteed Amount and the Additional Capital Commitment, amounted to JPY2,810.4 million (equivalent to approximately HK\$154.57 million).

## **REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL SHAREHOLDERS' AGREEMENT**

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

The Group's property business is principally carried out by Hon Kwok. Its investments in Japan properties are conducted through Best Range Global which is a direct wholly-owned subsidiary of Hon Kwok.

The JV Company has been actively seeking potential investment opportunities in Japan property market, and considered that the investment environment there is very attractive given the low interest rate and favorable financing terms from external banks and financial institutions. Leveraging on the experiences and business network of Long View Japan, the JV Company is able to source investment opportunities from time to time. Thus it is considered essential for the JV Parties to increase the funding to the JV Company in order to have more flexibility when negotiating with potential sellers and to make timely responses to any attractive offers.

It is also considered that the bank financing obtained for the Acquisition could release the resources of the JV Company for other investment opportunities, and it is common for lenders to require the provision of guarantee by beneficial owner as security for a banking facility.

In view of the above, the Board is of the view that the entering into of the Supplemental Shareholders' Agreement and the granting of the guarantee by Hon Kwok under the Loan Documents are in the Group's ordinary and usual course of business, and the terms of the Supplemental Shareholders' Agreement, including the Total Capital Commitment, and the guarantee by Hon Kwok under the Loan Documents, with the Guaranteed Amount based on the shareholding percentage of Best Range Global in the JV Company, are fair and reasonable and in the interests of the Company, Hon Kwok and their respective 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 Total Capital Commitment exceeds 5% but is less than 25% (and all other relevant percentage ratios are below 5%), the formation of the JV Company, as supplemented by the Supplemental Shareholders' Agreement, remains a discloseable transaction for the Company and is subject to the notification and publication requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

*For the purpose of this announcement, amounts denominated in JPY have been translated into HK\$ at an exchange rate of JPY1.00 = HK\$0.055. 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  
**Yuen-Keung Chan**  
*Executive Director, Vice Chairman  
and Managing Director*

Hong Kong, 9 August 2023

*At the date of this announcement, the directors of the Company 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.*