

TARGET

Intelligence Report

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HON KWOK LAND INVESTMENT COMPANY LTD: IT APPEARS THAT THE FUTURE PROFITABILITY FOR THIS COMPANY IS QUESTIONABLE

On or about Wednesday, January 10, 2024, Hon Kwok Land Investment Company Ltd (漢國置業有限公司) (Code: 160, Main Board, The Stock Exchange of Hongkong Ltd), in conjunction with Chinney Investments Ltd (建業實業有限公司) (Code: 216, Main Board, The Stock Exchange of Hongkong Ltd), caused to publish and disseminate in The Hongkong Special Administrative Region (HKSAR) of The People's Republic of China (PRC) the following announcement, a précis of which is as follows:

'JOINT ANNOUNCEMENT DISCLOSEABLE TRANSACTION ACQUISITION OF A HOTEL PROPERTY IN OSAKA, JAPAN

'On 10 January 2024, The Bauhinia Hotels Group Japan 3 entered into the Sale and Purchase Agreement with the Vendor¹ in relation to the acquisition of the Property at the consideration, inclusive of local consumption tax, of approximately JPY785 million (equivalent to approximately HK\$42.39 million).

'The Bauhinia Hotels Group Japan 3 was established under the TK Arrangement and is solely funded and controlled by the JV Company², which in turn is 60% owned by Best Range Global, a direct wholly-owned subsidiary of Hon Kwok and an indirect non-wholly-owned subsidiary of CIL³.

'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.'

Notes:

1. Vendor: 株式会社ウィローホールディングス (Willow Holdings Company Ltd), a limited liability corporation with the issued share capital, incorporated in Japan, and is 100 percent beneficiary owned by Ms. Asukai Harui (飛鳥井晴彩).
2. Optimal Trade Holdings Ltd (貿旺控股有限公司), a company, incorporated in the **BVI** (The **British Virgin Islands**) with limited liability and is owned as to 60 percent by Best Range Global (Best Range Global Ltd is a BVI-incorporated company and is a direct, wholly owned subsidiary of Hon Kwok Land Investment Company Ltd) and 40 percent by Long View Japan Ltd (恆景日本有限公司).
3. Chinney Investments Ltd (建業實業有限公司), a company, incorporated in Hongkong with limited liability, the Issued and Fully Paid-Up Share Capital of which is listed on the Main Board of The Stock Exchange of Hongkong Ltd (Stock Code: 216), and it is the holding company of Hon Kwok Land Investment Company Ltd (漢國置業有限公司), beneficially owning 68.09 percent.

It is stated in the '**Joint Announcement**' that the intention of Management of Hon Kwok Land Investment Company Ltd is '*to lease out the entire Property to an independent hotel operator in Japan for rental income, which 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.*'

**THE ANNUAL REPORT 2022-2023 OF
HON KWOK LAND INVESTMENT COMPANY LTD**

On or about Wednesday, July 26, 2023, the Annual Report 2022-2023 of Hon Kwok Land Investment Company Ltd was published and disseminated in The **Hongkong Special Administrative Region (HKSAR)** of The **People's Republic of China (PRC)**.

At Page 51 of the 160-page Annual Report in respect of the Financial Year, ended Friday, March 31, 2023, the '**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**' was presented, hereby produced some of the highlights of the Annual Report:

	For The Financial Year, Ended March 31		Percentage Increase/(Decrease)*
	2023	2022	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	1,049,421	1,106,278	(5.14)
Gross Profit	556,219	593,097	(6.22)
Gross Profit Margin*	53.00 percent	53.61 percent	(1.14)
Profit Before Taxation	299,195	225,426	32.72
Profit For The Year	156,392	91,763	70.43
Net Profit Attributable To Shareholders Of The Company	153,423	91,693	67.32
Net Profit Margin*	14.62 percent	8.29 percent	76.36

Earnings Per Share Attributable To Shareholders Of The Company (basic and diluted)	21 cents	13 cents	61.54
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* These are **TARGET**'s calculations.

At Page 54 of the 2022-2023 Annual Report of the Company, the following statistics were provided:

	2023 <u>SHK'000</u>	2022 <u>SHK'000</u>	Percentage <u>Increase/(Decrease)</u>
Net Assets (Shareholders' Funds):	11,876,517	12,513,107	(5.09)

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