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Chuang's Consortium International Limited
(莊士機構國際有限公司)
(Incorporated in Bermuda with limited liability)
(Stock Code: 367)



Chuang's China Investments Limited
(莊士中國投資有限公司)
(Incorporated in Bermuda with limited liability)
(Stock Code: 298)

DISCLOSEABLE TRANSACTION DISPOSAL OF THE CHINA SOUTH CITY NOTES

The Chuang's China Board and the Chuang's Consortium Board announce that on 16 May 2022, the Seller, an indirect wholly-owned subsidiary of Chuang's China, has disposed of on the open market the China South City Notes with the principal amount of US\$8.0 million (equivalent to approximately HK\$62.8 million) at the consideration (including unpaid accrued interest) of approximately US\$7.78 million (equivalent to approximately HK\$61.1 million). The date of settlement for the consideration of the China South City Notes Disposal is on 18 May 2022.

For Chuang's China, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the China South City Notes Disposal itself or when aggregated with the Previous Chuang's China China South City Notes Disposals exceeds 5% (but is less than 25%), the China South City Notes Disposal constitutes a discloseable transaction for Chuang's China under the Listing Rules and are subject to the notification and announcement requirements under the Listing Rules.

For Chuang's Consortium, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the China South City Notes Disposal (when aggregated with the Previous Chuang's Consortium China South City Notes Disposals) exceeds 5% (but is less than 25%), the China South City Notes Disposal constitutes a discloseable transaction for Chuang's Consortium under the Listing Rules and are subject to the notification and announcement requirements under the Listing Rules.

INTRODUCTION

The Chuang's China Board and the Chuang's Consortium Board announce that on 16 May 2022, the Seller, an indirect wholly-owned subsidiary of Chuang's China, has disposed of on the open market the China South City Notes with the principal amount of US\$8.0 million (equivalent to approximately HK\$62.8 million) at the consideration (including unpaid accrued interest) of approximately US\$7.78 million (equivalent to approximately HK\$61.1 million). The date of settlement for the consideration of the China South City Notes Disposal is on 18 May 2022.

THE CHINA SOUTH CITY NOTES DISPOSAL

The principal terms of the China South City Notes Disposal are summarized below:

Issuer:	China South City Holdings Limited
Principal amount:	US\$8.0 million (equivalent to approximately HK\$62.8 million)
Consideration and date of settlement:	The consideration is approximately US\$7.78 million (equivalent to approximately HK\$61.1 million), being approximately 94.13% of the principal amount of the China South City Notes and unpaid accrued interest, and the date of settlement is on 18 May 2022
Coupon:	11.5% per annum, payable semi-annually
Maturity date:	12 August 2022
Listing:	The Singapore Exchange Securities Trading Limited

As the China South City Notes Disposal was conducted by the Seller on the open market through its security brokers (which are and whose beneficial owners are Independent Third Parties), the identities of the purchasers of the China South City Notes cannot be ascertained. To the best of the knowledge, information and belief of the Chuang's China Board and the Chuang's Consortium Board and having made all reasonable enquiries, the purchasers of the China South City Notes and their respective beneficial owners are Independent Third Parties.

In addition to the China South City Notes disposed of pursuant to the China South City Notes Disposal, the Chuang's China Group also had the Previous Chuang's China China South City Notes Disposals for the China South City Notes with an aggregate principal amount of US\$3.0 million (equivalent to approximately HK\$23.55 million) at an aggregate consideration (including unpaid accrued interest) of approximately US\$2.94 million (equivalent to approximately HK\$23.1 million at book cost). As at the date of this joint announcement, after taking into account the China South City Notes Disposal and the Previous Chuang's China China South City Notes Disposals, the Chuang's China Group still holds an aggregate principal amount of US\$2.5 million (equivalent to approximately HK\$19.6 million) of notes with maturity date in October 2022 issued by the Issuer.

In addition to the China South City Notes disposed of pursuant to the China South City Notes Disposal, the Chuang's Consortium Group also had the Previous Chuang's Consortium China South City Notes Disposals for the China South City Notes with an aggregate principal amount of US\$8.0 million (equivalent to approximately HK\$62.8 million) at an aggregate consideration (including unpaid accrued interest) of approximately US\$7.84 million (equivalent to approximately HK\$61.5 million at book cost). As at the date of this joint announcement, after taking into account the China South City Notes Disposal and the Previous Chuang's Consortium China South City Notes Disposals, the Chuang's Consortium Group still holds an aggregate principal amount of US\$5.2 million (equivalent to approximately HK\$40.8 million) of notes with maturity dates ranging from October 2022 to April 2023 issued by the Issuer.

INFORMATION ON THE CHINA SOUTH CITY NOTES

The aggregate carrying value of the China South City Notes as disposed of under the China South City Notes Disposal and the Previous Chuang's China China South City Notes Disposals as mark to its market price as at the respective balance sheet dates was approximately HK\$68.4 million as at 30 September 2021, and is estimated to be approximately HK\$72.8 million as at 31 March 2022 for the Chuang's China Group. The net profits (both before and after taxation) attributable to the interest income arising from the China South City Notes as disposed of under the China South City Notes Disposal and the Previous Chuang's China China South City Notes Disposals was approximately HK\$7.3 million and HK\$1.3 million for the years ended 31 March 2022 and 2021 respectively for the Chuang's China Group.

The aggregate carrying value of the China South City Notes as disposed of under the China South City Notes Disposal and the Previous Chuang's Consortium China South City Notes Disposals as mark to its market price as at the respective balance sheet dates was approximately HK\$99.4 million as at 30 September 2021, and is estimated to be approximately HK\$105.8 million as at 31 March 2022 for the Chuang's Consortium Group. The net profits (both before and after taxation, and before non-controlling interests) attributable to the interest income arising from the China South City Notes as disposed of under the China South City Notes Disposal and the Previous Chuang's Consortium China South City Notes Disposals was approximately HK\$11.3 million and HK\$2.2 million for the years ended 31 March 2022 and 2021 respectively for the Chuang's Consortium Group.

INFORMATION ON THE ISSUER

According to the public information available to the Chuang's China Board and the Chuang's Consortium Board, the Issuer is an investment holding company listed on the Main Board of the Stock Exchange and its subsidiaries are principally engaged in property development, property investment and management and other businesses.

As at the date of this joint announcement, to the best of the knowledge, information and belief of the Chuang's China Board and the Chuang's Consortium Board, having made all reasonable enquiries, the Issuer and their respective ultimate beneficial owners are Independent Third Parties.

INFORMATION ON CHUANG'S CHINA, CHUANG'S CHINA GROUP AND THE SELLER

Chuang's China is incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 298). Chuang's China is an indirect non-wholly-owned subsidiary of, and owned as to approximately 61.15% by, the Chuang's Consortium Group as at the date of this joint announcement.

The Chuang's China Group is principally engaged in property development, investment and trading, hotel operation and management, development and operation of cemetery, sales of goods and merchandises (including art pieces), and securities investment and trading.

The Seller is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of Chuang's China. The principal activities of the Seller are securities investment and trading.

INFORMATION ON CHUANG'S CONSORTIUM AND CHUANG'S CONSORTIUM GROUP

Chuang's Consortium is incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 367).

The Chuang's Consortium Group is principally engaged in property development, investment and trading, hotel operation and management, development and operation of cemetery, manufacturing, sales and trading of goods and merchandises, securities investment and trading and money lending business.

As at the date of this joint announcement, the Chuang's Consortium Group holds approximately 61.15% of the total issued share capital of Chuang's China.

REASONS FOR AND BENEFITS OF THE CHINA SOUTH CITY NOTES DISPOSAL

The China South City Notes Disposal, the Previous Chuang's China China South City Notes Disposals and the Previous Chuang's Consortium China South City Notes Disposals form part of the investment activities of the Chuang's China Group and the Chuang's Consortium Group respectively, which are in their ordinary and usual courses of businesses. As part of their principal businesses, the Chuang's China Group and the Chuang's Consortium Group monitor the performance of their respective investment portfolios and make adjustments to them (with regard to the types and/or amounts of the investments held) from time to time. Such disposals provide the Chuang's China Group and the Chuang's Consortium Group with an opportunity to realize their investments in the China South City Notes, and to re-allocate resources for other investment opportunities when they arise.

As the China South City Notes Disposal and the Previous Chuang's China China South City Notes Disposals were conducted through the open market, the Chuang's China Board is of the opinion that the terms of such disposals are fair and reasonable and on normal commercial terms, and the China South City Notes Disposal and the Previous Chuang's China China South City Notes Disposals are in the interests of Chuang's China and its shareholders as a whole.

As the China South City Notes Disposal and the Previous Chuang's Consortium China South City Notes Disposals were conducted through the open market, the Chuang's Consortium Board is of the opinion that the terms of such disposals are fair and reasonable and on normal commercial terms, and the China South City Notes Disposal and the Previous Chuang's Consortium China South City Notes Disposals are in the interests of Chuang's Consortium and its shareholders as a whole.

FINANCIAL EFFECTS AND USE OF PROCEEDS

The China South City Notes Disposal and the Previous Chuang's China China South City Notes Disposals are expected to generate an estimated net gain of approximately HK\$8.8 million to the Chuang's China Group in the financial year ending 31 March 2023, which principally represent the difference between the total consideration received (excluding unpaid accrued interest) and the estimated book cost of the China South City Notes as at 31 March 2022 as disposed of under the China South City Notes Disposal and the Previous Chuang's China China South City Notes Disposals.

The China South City Notes Disposal and the Previous Chuang's Consortium China South City Notes Disposals are expected to generate an estimated net gain before non-controlling interests of approximately HK\$13.0 million to the Chuang's Consortium Group in the financial year ending 31 March 2023, which principally represent the difference between the total consideration received (excluding unpaid accrued interest) and the estimated book cost of the China South City Notes as at 31 March 2022 as disposed of under the China South City Notes Disposal and the Previous Chuang's Consortium China South City Notes Disposals.

The Chuang's China Board and the Chuang's Consortium Board intend to apply the proceeds from the China South City Notes Disposal, the Previous Chuang's China China South City Notes Disposals and the Previous Chuang's Consortium China South City Notes Disposals as general working capital and/or for other reinvestment opportunities when they arise respectively.

IMPLICATIONS UNDER THE LISTING RULES

For Chuang's China, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the China South City Notes Disposal itself or when aggregated with the Previous Chuang's China China South City Notes Disposals exceeds 5% (but is less than 25%), the China South City Notes Disposal constitutes a discloseable transaction for Chuang's China under the Listing Rules and are subject to the notification and announcement requirements under the Listing Rules.

For Chuang's Consortium, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the China South City Notes Disposal (when aggregated with the Previous Chuang's Consortium China South City Notes Disposals) exceeds 5% (but is less than 25%), the China South City Notes Disposal constitutes a discloseable transaction for Chuang's Consortium under the Listing Rules and are subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

“China South City Notes”	11.5% senior notes due 12 August 2022 issued by the Issuer
“China South City Notes Disposal”	the disposal of the China South City Notes in the principal amount of US\$8.0 million (equivalent to approximately HK\$62.8 million) by the Seller on the open market on 16 May 2022
“Chuang’s China”	Chuang’s China Investments Limited (莊士中國投資有限公司), a company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 298). As at the date of this joint announcement, Chuang’s China is owned as to approximately 61.15% by the Chuang’s Consortium Group
“Chuang’s China Board”	the board of directors of Chuang’s China
“Chuang’s China Group”	Chuang’s China and its subsidiaries
“Chuang’s Consortium”	Chuang’s Consortium International Limited (莊士機構國際有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 367)
“Chuang’s Consortium Board”	the board of directors of Chuang’s Consortium
“Chuang’s Consortium Group”	Chuang’s Consortium and its subsidiaries, including the Chuang’s China Group
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any entity(ies) or person(s) which or who is/are not a connected person of Chuang’s China or Chuang’s Consortium within the meaning ascribed thereto under the Listing Rules
“Issuer”	China South City Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1668)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China

“Previous Chuang’s China South City Notes Disposals”	the previous disposals of the China South City Notes during the period from 26 April 2022 to 13 May 2022 in the aggregate principal amount of US\$3.0 million (equivalent to approximately HK\$23.55 million) at the aggregate consideration (including unpaid accrued interest) of approximately US\$2.94 million (equivalent to approximately HK\$23.1 million at book cost) by the Seller on the open market
“Previous Chuang’s Consortium China South City Notes Disposals”	the previous disposals of the China South City Notes during the period from 26 April 2022 to 12 May 2022 in the aggregate principal amount of US\$5.0 million (equivalent to approximately HK\$39.25 million) at the aggregate consideration (including unpaid accrued interest) of approximately US\$4.9 million (equivalent to approximately HK\$38.4 million at book cost) by an indirect wholly-owned subsidiary of Chuang’s Consortium on the open market and the Previous Chuang’s China South City Notes Disposals
“Seller”	Rich Joint Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Chuang’s China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By order of the board of
Chuang’s Consortium International Limited
Albert Chuang Ka Pun
Chairman and Managing Director

By order of the board of
Chuang’s China Investments Limited
Albert Chuang Ka Pun
Chairman

Hong Kong, 16 May 2022

As at the date of this joint announcement, Mr. Albert Chuang Ka Pun, Mr. Richard Hung Ting Ho, Mr. Edwin Chuang Ka Fung, Miss Ann Li Mee Sum, Mrs. Candy Kotewall Chuang Ka Wai, Mr. Geoffrey Chuang Ka Kam and Mr. Chan Chun Man are the executive directors of Chuang’s Consortium, and Mr. Abraham Shek Lai Him, Mr. Fong Shing Kwong, Mr. Yau Chi Ming, Mr. David Chu Yu Lin and Mr. Tony Tse Wai Chuen are the independent non-executive directors of Chuang’s Consortium.

As at the date of this joint announcement, Mr. Albert Chuang Ka Pun, Miss Ann Li Mee Sum, Mr. Edwin Chuang Ka Fung, Mr. Geoffrey Chuang Ka Kam and Mr. Neville Charles Kotewall are the executive directors of Chuang's China, and Mr. Dominic Lai is the non-executive director of Chuang's China, and Mr. Abraham Shek Lai Him, Mr. Andrew Fan Chun Wah, Dr. Eddy Li Sau Hung and Dr. Ng Kit Chong are the independent non-executive directors of Chuang's China.

Unless otherwise stated, for the purpose of illustration only, amounts denominated in US\$ in this joint announcement have been translated into HK\$ at the rate of US\$1.00 = HK\$7.85. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.