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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY

The Directors announced that on 29 August 2023, the Vendor, an indirect non-wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser in relation to the disposal of the Property for a consideration of S\$18.0 million (equivalent to approximately HK\$103.7 million).

As one of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules is more than 5% and below 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Directors announced that on 29 August 2023, the Vendor, an indirect non-wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser in relation to the disposal of the Property for a consideration of S\$18.0 million (equivalent to approximately HK\$103.7 million).

THE AGREEMENT

Date:	29 August 2023
The Vendor:	Sintex Nylon and Cotton Products (Pte.) Limited, an indirect non-wholly-owned subsidiary of the Company
The Purchaser:	Rejoice Container Services (Pte) Ltd
Property:	A factory complex located at 245 Jalan Ahmad Ibrahim, Jurong Town, Singapore

Consideration and payment terms:

The consideration for the Disposal of the Property is S\$18.0 million (equivalent to approximately HK\$103.7 million), which was agreed between the parties based on arm's length negotiation and after taking into account the prevailing market prices of comparable properties nearby.

An earnest money of S\$180,000 (equivalent to approximately HK\$1,037,000) has been paid by the Purchaser to the Vendor prior to the signing of the Agreement. A further deposit of S\$720,000 (equivalent to approximately HK\$4,147,000) has been paid by the Purchaser to the Vendor's solicitor upon signing of the Agreement, which will be released to the Vendor upon completion of the Disposal (the further deposit together with the earnest money, collectively as the "**Deposit**"). The remaining balance of the consideration in the amount of S\$17.1 million (equivalent to approximately HK\$98.5 million) shall be paid by the Purchaser to the Vendor on the date of completion of the Disposal.

Conditions precedent:

The Disposal is subject to the terms and conditions contained in the existing agreement, lease, memorandum of lease and such other documents made between the JTC and the Vendor relating to the Property and is also subject to the following conditions precedent:

- (i) the subsistence and/or non-revocation from the JTC on granting the further term of lease for the Property of another 21 years 2 months and 22 days upon its expiration in September 2027 and the JTC's agreement of not to impose any investment criteria, payment, premium or levy in respect of such grant;
- (ii) the aggregate amount of investment criteria, payment, premium or levy imposed by the JTC to the Purchaser upon granting the JTC Consent (as defined in point (v) below) shall not exceed S\$5.0 million (equivalent to approximately HK\$28.8 million);
- (iii) the Purchaser will be making certain requisitions to various government authorities in Singapore relating to the Property as part of its due diligence procedures and obtains satisfactory replies;

- (iv) the approval from the JTC and other relevant government authorities in Singapore for the Purchaser's change of the use of the Property to storage of general cargoes, logistics and transportation (the "**Proposed Change of Use of the Property**") and the fees payable to the JTC for the approval of the Proposed Change of Use of the Property shall be borne by the Purchaser; and
- (v) the written approval being granted by the JTC for the Vendor to sell and the Purchaser to buy the Property, including compliance (if any) with the environmental baseline study (the "**EBS**") and the decontamination requirements within the time stipulated by the JTC (the "**JTC Consent**").

In the event that the conditions precedent numbered (i), (ii) or (iii) cannot be fulfilled, the Purchaser may, at its sole discretion, choose to rescind the Agreement. If the Purchaser chooses to rescind the Agreement, the Agreement shall become null and void and of no further effect and the Deposit (without interest) received will be refunded to the Purchaser and thereafter, neither party shall have any claim against each other.

In the event that the conditions precedent numbered (iv) or (v) cannot be fulfilled, or the JTC Consent is not obtained within twelve months from the date of the Agreement, then:

- (a) if there is omission or default on the Purchaser's part during the period, then the Deposit shall be forfeited by the Vendor and the Agreement shall become null and void and of no further effect and thereafter, neither party shall have any claim against each other;
- (b) if there is omission or default on the Vendor's part during the period, then the Deposit (without interest) shall be refunded to the Purchaser and the Agreement shall become null and void and of no further effect and thereafter, neither party shall have any claim against each other; or

- (c) if there is no omission or default of either party during the period, then either party shall have the option to rescind the Agreement or, if both parties agree, to extend the time to obtain the JTC Consent. In the event of rescission of the Agreement, the Deposit (without interest) shall be refunded to the Purchaser and thereafter, neither party shall have any claim against each other.

As at the date of this announcement, none of the conditions precedent has been fulfilled.

Completion:

Completion of the Disposal shall take place on the latest occurrence of the followings:

- (1) within eight (8) weeks from the date of the JTC Consent;
- (2) within eight (8) weeks from the date of the JTC's satisfactory clearance of the results of the EBS (if applicable); or
- (3) within eight (8) weeks from the date of the JTC's satisfactory clearance of the decontamination works (if applicable).

Upon completion of the Disposal, the Property shall be delivered by the Vendor to the Purchaser on an "as-is" basis with vacant possession, and free of encumbrances.

INFORMATION ON THE PROPERTY

The Property is a factory complex located at 245 Jalan Ahmad Ibrahim, Jurong Town, Singapore. It has a land area of approximately 230,174 sq. ft. and buildings with a total gross floor area of approximately 79,087 sq. ft.. The Property is for industrial usage and is recorded by the Group in its consolidated financial statements as property, plant and equipment for the buildings portion, and right-of-use assets (and the corresponding liability as lease liabilities) for the lease of land portion. The land of the Property is leased by JTC to the Vendor with a lease period of 60 years with effect from 1 September 1967 with an option to renew for a further 21 years 2 months and 22 days. Currently, approximately 18,590 sq. ft. of the Property is occupied by the Vendor and the remaining area of the Property is vacant. The market valuation of the Property as at 31 March 2023 as appraised by an independent valuer appointed by the Vendor based on market approach is S\$17.5 million (equivalent to approximately HK\$100.8 million).

The net loss before and after taxation attributable to the Property before deducting non-controlling interests for the year ended 31 March 2023 amounted to approximately S\$5,000 (equivalent to approximately HK\$30,000 as per book) and approximately S\$5,000 (equivalent to approximately HK\$30,000 as per book) respectively. The net profit before

and after taxation attributable to the Property before deducting non-controlling interests for the year ended 31 March 2022 amounted to approximately S\$30,000 (equivalent to approximately HK\$177,000 as per book) and approximately S\$30,000 (equivalent to approximately HK\$177,000 as per book) respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As at 31 March 2023, the net book value of the Property (stated at cost with accumulated depreciation) (net of the lease liabilities) was approximately S\$3.1 million (equivalent to approximately HK\$18.1 million at book cost) in the consolidated financial statements of the Group. Accordingly, the Disposal is expected to record a net gain to the Group of approximately S\$13.0 million (equivalent to approximately HK\$74.4 million) after taking into account the estimated expenses in relation to the Disposal payable by the Vendor and deducting non-controlling interests.

Taking into account the anticipated business and operation scale of the Vendor, the Directors consider that the Property will not be fully utilized by the Vendor in the near future. Instead of idling portion of the Property, the Directors consider that the current offer of the Disposal presents a good opportunity for the Group to unlock the stored value of the Property and to realize its investment in the Property at a profit. The consideration represents a slight premium of about 3% over the latest market valuation of the Property as at 31 March 2023. Furthermore, the net proceeds from the Disposal will increase the working capital, improve the liquidity and strengthen the overall financial position of the Group. Before completion of the Disposal, the Vendor will identify and lease suitable location for relocation of its operations, and the Group will strategically review the development strategy and operation model of the business of the Vendor.

On the basis of the above, the Directors consider that the terms of the Disposal are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The net proceeds from the Disposal receivable by the Vendor will amount to approximately S\$17.8 million (equivalent to approximately HK\$102.5 million) after taking into account the estimated expenses payable by the Vendor in relation to the Disposal. The net proceeds will be used as additional working capital of the Vendor and the Group.

INFORMATION ABOUT THE VENDOR, THE GROUP AND THE PURCHASER

The Vendor is a company incorporated in Singapore with limited liability and is an indirect 88.2% owned subsidiary of the Company. The principal activities of the Vendor are sale of home finishing products under its own brand names in Singapore.

The 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.

To the best of the Directors' knowledge, information and belief, the principal activities of the Purchaser are the provision of container depot services, as well as the installation of industrial machinery and equipment, and mechanical engineering works. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and the ultimate beneficial owner(s) of the Purchaser are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules is more than 5% and below 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

GENERAL

It should be noted that the Disposal is subject to the conditions precedent as disclosed above. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

DEFINITIONS

“Agreement”	the conditional sale and purchase agreement dated 29 August 2023 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“Company”	Chuang's Consortium International Limited, a company incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 367)
“Directors”	directors of the Company
“Disposal”	disposal of the Property by the Vendor to the Purchaser
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People's Republic of China
“Independent Third Parties”	persons who are not connected persons (as defined in the Listing Rules) of the Company and are third parties independent of and not connected with the Company or its connected persons (as defined in the Listing Rules)

“JTC”	JTC Corporation, a Singapore government agency in charge of Singapore’s industrial progress and is the landlord of the land portion of the Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	A factory complex located at 245 Jalan Ahmad Ibrahim, Jurong Town, Singapore
“Purchaser”	Rejoice Container Services (Pte) Ltd, a company established in Singapore with limited liability and is wholly-owned by Legion Consortium Limited, a company established in Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2129)
“S\$”	Singapore dollars, the lawful currency of Singapore
“Shareholders”	shareholders of the Company
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Sintex Nylon and Cotton Products (Pte.) Limited, a company established in Singapore with limited liability and a 88.2% owned subsidiary of the Company. The remaining 11.8% interest in the Vendor is owned by Mr. Cheung Loon Hoi, a director of the Vendor
“%”	per cent

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

Hong Kong, 29 August 2023

As at the date of this 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 the Company, 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 the Company.

Unless otherwise stated, for the purpose of illustration only, amounts denominated in S\$ in this announcement have been translated into HK\$ at the rate of S\$1.00 = HK\$5.76. 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.