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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
IN RELATION TO THE ACQUISITION OF
THE NEW ZHONGLIANG NOTES PURSUANT TO
THE ZHONGLIANG NOTES EXCHANGE**

The Board announces that the Purchaser has acquired the New April Notes in the principal amount of US\$3.0 million (equivalent to approximately HK\$23.55 million) at par value, and the New December Notes in the principal amount of US\$7.0 million (equivalent to approximately HK\$54.95 million) at par value, with a total consideration of US\$10.0 million (equivalent to approximately HK\$78.5 million), through the exchange of the Existing Zhongliang Notes in the same principal amount of US\$10.0 million (equivalent to approximately HK\$78.5 million) on 18 May 2022. No cash consideration was paid by the Purchaser under the Zhongliang Notes Exchange.

As the highest relevant applicable percentage ratio (as defined in the Listing Rules) in respect of the acquisition of the New Zhongliang Notes pursuant to the Zhongliang Notes Exchange exceeds 5% (but is less than 25%), the acquisition of the New Zhongliang Notes pursuant to the Zhongliang Notes Exchange constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

INTRODUCTION

The Board announces that the Purchaser has acquired the New April Notes in the principal amount of US\$3.0 million (equivalent to approximately HK\$23.55 million) at par value, and the New December Notes in the principal amount of US\$7.0 million (equivalent to approximately HK\$54.95 million) at par value, with a total consideration of US\$10.0 million (equivalent to approximately HK\$78.5 million), through the exchange of the Existing Zhongliang Notes in the same principal amount of US\$10.0 million (equivalent to approximately HK\$78.5 million) on 18 May 2022. No cash consideration was paid by the Purchaser under the Zhongliang Notes Exchange.

INFORMATION ON THE NEW ZHONGLIANG NOTES

The principal terms of the New Zhongliang Notes are summarized below:

	New April Notes	New December Notes
Issuer:	Zhongliang Holdings Group Company Limited	
Issue date:	18 May 2022	
Issue size:	US\$201,435,116	US\$428,400,884
Coupon:	8.75% per annum, payable in arrears on 15 October 2022 and 15 April 2023	9.75% per annum, payable in arrears on 31 December 2022, 30 June 2023 and 31 December 2023
Maturity date:	15 April 2023	31 December 2023
Redemption price at maturity date:	It will be redeemed at a price of 100% of the principal amount	
Optional redemption:	At any time and from time to time prior to the maturity date, the Issuer may at its option, redeem, in whole or in part, the notes at 100% of the principal amount (plus accrued and unpaid interest up to (but not including) the redemption date)	
Listing:	Singapore Exchange Securities Trading Limited	

THE ACQUISITION OF THE NEW ZHONGLIANG NOTES PURSUANT TO THE ZHONGLIANG NOTES EXCHANGE

Under the Zhongliang Notes Exchange, the Purchaser will receive (a) the New April Notes to be issued with the principal amount of US\$3.0 million and the New December Notes to be issued with the principal amount of US\$7.0 million (in exchange for the same principal amount of the Existing Zhongliang Notes); (b) the unpaid and accrued interest in cash on the Existing Zhongliang Notes up to but excluding the date of completion of the Zhongliang Notes Exchange; and (c) a consent fee in cash in the amount of US\$10 for each US\$1,000 in the principal amount (equivalent to 1% of the principal amount) of the Existing Zhongliang Notes.

Except for the New Zhongliang Notes acquired pursuant to the Zhongliang Notes Exchange, the Group did not hold any other notes issued by the Issuer as at the date of this announcement.

INFORMATION ON THE ISSUER

According to the public information available to the 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 leasing and management consultancy services.

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

INFORMATION ON THE COMPANY, THE GROUP AND THE PURCHASER

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

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.

The Purchaser is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. The principal activities of the Purchaser are securities investment and trading, and provision of nominee and secretarial services.

REASONS FOR AND BENEFITS OF THE ZHONGLIANG NOTES EXCHANGE

The Board has considered the following factors regarding the Zhongliang Notes Exchange:

- (i) the New April Notes (equivalent to 30% of the principal amount of the Existing Zhongliang Notes) will mature on 15 April 2023, which represents an extension of maturity of about 11 months when compared with the maturity date of the Existing Zhongliang Notes on 19 May 2022;
- (ii) the New December Notes (equivalent to 70% of the principal amount of the Existing Zhongliang Notes) will mature on 31 December 2023, which represents an extension of maturity of about 19 months when compared with the maturity date of the Existing Zhongliang Notes on 19 May 2022;
- (iii) the New April Notes bear interest at 8.75% per annum and the New December Notes bear interest at 9.75% per annum, both compare favourably to the Existing Zhongliang Notes (bear interest at 8.50% per annum);
- (iv) the unpaid and accrued interest of the Existing Zhongliang Notes up to but excluding the date of completion of the Zhongliang Notes Exchange (being 18 May 2022) will be received in full in cash by the Purchaser;
- (v) a consent fee of 1% of the principal amount of the Existing Zhongliang Notes will be received in cash by the Purchaser; and
- (vi) as stated in the public announcement of the Issuer dated 28 April 2022, the Issuer is working on generating sufficient cash flow to meet its financial commitments, including, among others, through extension of its existing credit facilities, opportunistic financing and expenditure conservation. As part of these efforts, the Issuer conducted the Zhongliang Notes Exchange to improve its financial condition, extend its debt maturity profile, strengthen its balance sheet and improve cash flow management.

After taking into account the above, the Board is of the opinion that the terms of the Zhongliang Notes Exchange are fair and reasonable and on normal commercial terms, and the Zhongliang Notes Exchange is in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest relevant applicable percentage ratio (as defined in the Listing Rules) in respect of the acquisition of the New Zhongliang Notes pursuant to the Zhongliang Notes Exchange exceeds 5% (but is less than 25%), the acquisition of the New Zhongliang Notes pursuant to the Zhongliang Notes Exchange constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

“Board”	the board of directors of the Company
“Company”	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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Existing Zhongliang Notes”	8.50% senior notes due 19 May 2022 in the principal amount of US\$10.0 million (equivalent to approximately HK\$78.5 million) issued by the Issuer and held by the Purchaser
“Group”	the Company and its subsidiaries
“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 the Company within the meaning ascribed thereto under the Listing Rules
“Issuer”	Zhongliang Holdings Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2772)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New April Notes”	8.75% senior notes due 15 April 2023 issued by the Issuer pursuant to the Zhongliang Notes Exchange

“New December Notes”	9.75% senior notes due 31 December 2023 issued by the Issuer pursuant to the Zhongliang Notes Exchange
“New Zhongliang Notes”	collectively, the New April Notes and the New December Notes
“PRC”	The People’s Republic of China
“Purchaser”	General Nominees Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Zhongliang Notes Exchange”	the exchange of the Existing Zhongliang Notes held by the Purchaser into the New Zhongliang Notes in accordance with the terms as announced by the Issuer on 28 April 2022 and 11 May 2022
“%”	per cent

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

Hong Kong, 18 May 2022

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 US\$ in this 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.