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## Chuang's China Investments Limited

(莊士中國投資有限公司)

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 298)**

### **VOLUNTARY ANNOUNCEMENT**

This announcement is made by Chuang's China Investments Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

References are made to the announcements made by the Company dated 9 November 2018, 26 June 2019, 10 July 2019, 30 December 2019 and 24 June 2021 (collectively, the “**Announcements**”) and the annual reports of the Company for the years ended 31 March 2017, 2018, 2019, 2020 and 2021 (collectively, the “**Annual Reports**”), in relation to various oppositions by the two minority shareholders (Mr. Fan and his spouse Madam Zhou) (the “**Minority Shareholders**”) of an indirect non-wholly-owned subsidiary of the Company (namely, 湖南漢業房地產開發有限公司 (Hunan Han Ye Real Estate Development Company Limited\*)) (the “**PRC Subsidiary**”). The PRC Subsidiary is held through a Hong Kong incorporated holding company which is then held by a BVI incorporated holding company (the “**Intermediary Companies**”). Madam Zhou is a shareholder of the PRC Subsidiary and Mr. Fan is a shareholder of the Intermediary Companies.

As disclosed in the Announcements and/or the Annual Reports:

- (i) the Group owns an effective interest of 69% in the PRC Subsidiary, being a property development project company in Changsha, the People's Republic of China. The Group's total investment costs was about HK\$24.5 million as at 31 March 2021. The business licence of the PRC Subsidiary has expired since 2012, and therefore its normal operation was halted. Despite the Group making keen efforts to reactivate the business licence, the Minority Shareholders had opposed to reactivate the business licence. To no avail, the Group proceeded to obtain a ruling by the court for the grant of the winding up of the PRC Subsidiary. Despite appeal(s) being made by Madam Zhou for such court ruling, the Group further obtained the conclusive court ruling for the winding up of the PRC Subsidiary. The voluntary liquidation is in progress and a liquidation team has been set up comprising liquidators appointed by the court, representative of the Group as well as Madam Zhou; and

- (ii) on 9 November 2018, the Company received an official civil complaint (the “**Complaint**”) from Madam Zhou against, among others, the Company and a then executive director of the Company. The Complaint was not supported by sufficient facts and/or legal basis, and the legal advisers of the Company further advised that the Company could consider taking counterclaim against Madam Zhou in respect of her use of false instruments in the Complaint. As disclosed in the announcement dated 24 June 2021, 湖南省高級人民法院 (Hunan Province Higher People’s Court\*) had received the withdrawal of the Complaint by Madam Zhou and that the court has granted the approval for such withdrawal.

On 11 May 2022, the Company has received a verbal request from Madam Zhou requesting the Group to buy out their entire interests in the PRC Subsidiary and the Intermediary Companies. The Company refused her request on the ground that the PRC Subsidiary is under liquidation by court order and that she (being a member of the liquidation team) is well aware of the status of the liquidation, thus there is no commercial justification for the Company to acquire their shareholding interests. She then requested the Group to extend a loan to the Intermediary Companies for the purpose of repaying the shareholder’s loan advanced by Mr. Fan to the Intermediary Companies. Again, such request is not reasonable because the sole investment of the Intermediary Companies is the PRC Subsidiary which is undergoing liquidation, and that the Intermediary Companies would only have cash resources to repay shareholders’ loan advanced by both the Group and Mr. Fan if there is any distribution from the PRC Subsidiary. The request by Madam Zhou is lack of commercial justification and was therefore rejected by the Group.

Subsequently, the Company noted that certain defamatory acts were taken out by Madam Zhou against the Company and Mr. Alan Chuang Shaw Swee on 16 May, 20 May, 25 May and 27 May 2022, by displaying a banner and/or a placard with defamatory wording in Central (the “**Incidents**”).

The Board strongly condemns those acts and the Company has already reported the Incidents to the Hong Kong Police. The legal advisers of the Company have issued demand letters to Madam Zhou requesting the removal of such defamatory banner and/or placard and the cessation of any further defamatory acts (including displaying any defamatory items). The Company is in the process of taking further legal advice for the appropriate legal action(s) to be taken.

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

Hong Kong, 27 May 2022

*As at the date of this 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 the Company, and Mr. Dominic Lai is the non-executive director of the Company, 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 the Company.*

\* English translation only