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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 15 June 2022, 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\$21 million (equivalent to approximately HK\$118.4 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 15 June 2022, 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\$21 million (equivalent to approximately HK\$118.4 million).

THE AGREEMENT

Date:	15 June 2022
The Vendor:	Sintex Nylon and Cotton Products (Pte.) Limited, an indirect non-wholly-owned subsidiary of the Company
The Purchaser:	Pepperl+Fuchs Asia 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\$21 million (equivalent to approximately HK\$118.4 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 initial deposit of S\$420,000 (equivalent to approximately HK\$2,369,000) has been paid by the Purchaser to the Vendor's solicitor upon signing of the Agreement. A further deposit of S\$1,680,000 (equivalent to approximately HK\$9,475,000) will be paid by the Purchaser to the Vendor's solicitor within 3 business days after the date of the Agreement. The initial deposit and the further deposit (collectively the "**Deposit**") will be released to the Vendor upon completion of the Disposal. The remaining balance of the consideration in the amount of S\$18.9 million (equivalent to approximately HK\$106.6 million) shall be paid by the Purchaser to the Vendor on the date of completion of the Disposal.

Conditions precedent:

The completion of the Disposal is subject to the following conditions:

- (i) there is no variation or waiver of any terms and conditions contained in any agreement, lease, memorandum of lease and such other documents made between the JTC and the Vendor relating to the Property;
- (ii) the letter of assignment is issued by the JTC for the Property to be assigned by the Vendor to the Purchaser;
- (iii) unauthorized works in the Property as required by the JTC (if any) have been regularized and rectified by the Vendor, and confirmed by the JTC;
- (iv) if the JTC requires an updated environmental baseline study (the "**EBS**") from the Vendor before completion, such EBS should show that (1) there are no contaminants at the Property or (2) the presence of contaminants at the Property but no decontamination works are required to be carried out as confirmed by the JTC. In the event that the EBS shows the presence of contaminants at the Property and decontamination works are required, the works are carried out by the Vendor and confirmed satisfactory by the JTC;
- (v) the current plot ratio of the site of the Property will be increased to 2.0 by the relevant government authorities in Singapore and the Purchaser shall pay all costs and expenses relating to such increase in plot ratio;

- (vi) vacant possession of the Property;
- (vii) the written approval from the JTC is obtained for the Purchaser's change of the use of the Property to housing its regional headquarter in Asia;
- (viii) 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 within 6 weeks from the date of the Agreement; and
- (ix) no notice of acquisition or intended acquisition being served by the relevant government authorities in Singapore by the completion date of the Disposal in respect of the Property which may materially affect the total extent of 5% or more of the Property or cuts into the building line of the Property.

All conditions precedent, except for condition number (ii) above, are capable of being waived by the Purchaser and, as at the date of this announcement, none of the conditions precedent has been fulfilled.

Completion:

It is currently expected that completion of the Disposal will take place within 3 weeks after the above conditions precedent have been fulfilled or waived by the Purchaser, and upon which the Property shall be delivered by the Vendor to the Purchaser on an "as-is" basis with vacant possession, and free of encumbrances.

If the completion of the Disposal cannot be achieved within 12 months from the date of the Agreement and, in the absence of any fault of either party, either party shall have the option to rescind the Agreement or, if both parties agree, to extend the time for completion.

In the event of rescission of the Agreement as a result of any of the condition precedent not being fulfilled or waived by the Purchaser, the Deposit (without interest) received by the Vendor's solicitor will be refunded to the Purchaser in full and thereafter, neither party shall have any claim against each other.

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 an area of approximately 57,115 sq. ft. of the Property is occupied by the Vendor and the remaining portion of the Property with an area of approximately 21,972 sq. ft. is leased to various tenants who are Independent Third Parties under various tenancy agreements (the “**Tenancies**”) with the latest one expiring in March 2024. The aggregate monthly rental income is approximately S\$52,000 (equivalent to approximately HK\$293,000). After signing of the Agreement, the Vendor shall proceed to exercise its rights under the Tenancies to serve the 6 months early termination notices to all tenants to terminate the Tenancies and vacate the premises.

The net loss before and after taxation attributable to the Property before deducting non-controlling interests for the year ended 31 March 2021 amounted to approximately S\$69,000 (equivalent to approximately HK\$395,000 as per book) and approximately S\$69,000 (equivalent to approximately HK\$395,000 as per book) respectively. The net loss before and after taxation attributable to the Property before deducting non-controlling interests for the year ended 31 March 2020 amounted to approximately S\$66,000 (equivalent to approximately HK\$373,000 as per book) and approximately S\$66,000 (equivalent to approximately HK\$373,000 as per book) respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As at 30 September 2021, the net book value of the Property (net of the lease liabilities) was approximately S\$3.5 million (equivalent to approximately HK\$20.2 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\$15.2 million (equivalent to approximately HK\$85.7 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 and leasing portion of the Property to various tenants, 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. 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\$20.8 million (equivalent to approximately HK\$117.3 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 manufacture and sale of electronic switches, relays and amplifier control units. 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.

DEFINITIONS

“Agreement”	the conditional sale and purchase agreement dated 15 June 2022 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”	Pepperl+Fuchs Asia Pte Ltd, a company established in Singapore with limited liability and is wholly-owned by Pepperl+Fuchs SE, a company established in Germany and is owned as to 50% by Mr. Michael Fuchs and as to 49.005% by Miss Monika Ursula Müller-Michael
“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, 15 June 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 S\$ in this announcement have been translated into HK\$ at the rate of S\$1.00 = HK\$5.64. 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.