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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 ASSET**

The Board announced that on 14 October 2022, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser in relation to the disposal of the Asset for a consideration of not more than EUR17.3 million (equivalent to approximately HK\$133.2 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 Board announced that on 14 October 2022, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser in relation to the disposal of the Asset for a consideration of not more than EUR17.3 million (equivalent to approximately HK\$133.2 million).

#### **THE SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are as follows:

Date: 14 October 2022 (after trading hours)

Parties: (1) Cedar Crystal Limited (as Vendor)  
(2) Migom Investments FZE (as Purchaser)

Subject Matter: The Vendor has conditionally agreed to sell the Asset to the Purchaser. The Asset will be delivered to the Purchaser upon completion of the Disposal free from encumbrances. Further details of the Asset are set out in the section headed “Information on the Asset and financial effect of the Disposal” below.

Consideration and payment terms: The consideration for the Disposal of the Asset will not be more than EUR17.3 million (equivalent to approximately HK\$133.2 million) (subject to adjustment), which was agreed between the parties based on arm’s length negotiation and after taking into account the prevailing market prices of comparable assets.

A deposit (the “**Deposit**”) of EUR1,730,000 (equivalent to approximately HK\$13.3 million) will be paid by the Purchaser to the Purchaser’s solicitor within 4 business days upon signing of the Sale and Purchase Agreement as stakeheld. The remaining balance of the consideration in the amount of EUR15.57 million (equivalent to approximately HK\$119.9 million) shall be paid by the Purchaser to the Purchaser’s solicitor 3 days before the date of completion of the Disposal and will be released to the Vendor (together with the Deposit) on the date of completion of the Disposal.

Conditions precedent: The Disposal is conditional on the satisfactory trial run and condition survey on the Asset by the Purchaser. It is expected that the trial run and condition survey will be completed on or before 28 October 2022. Depending on the outcome of the trial run and condition survey, there may be adjustments to the consideration which has to be agreed by the Vendor and the Purchaser.

The conditions precedent can be waived by the Purchaser and, as at the date of this announcement, none of the conditions precedent have been fulfilled or waived by the Purchaser.

In the event that the Sale and Purchase Agreement is terminated due to the conditions precedent not being fulfilled or waived by the Purchaser, the Deposit, less any costs incurred but unpaid by the Purchaser in relation to the trial run and the condition survey, shall be returned to the Purchaser by the Purchaser’s solicitor and neither parties shall have any claims against the other under the Sale and Purchase Agreement.

Completion: It is currently expected that completion of the Disposal will take place on 29 December 2022 or such other date as may be agreed between the Vendor and the Purchaser.

## **INFORMATION ON THE ASSET AND FINANCIAL EFFECT OF THE DISPOSAL**

The Group entered into contract to acquire the Asset at the end of 2018 in order to facilitate the expansion of our hospitality business overseas. The project was completed in August 2022. As at 30 September 2022, the investment cost of the Asset was approximately EUR13 million (equivalent to approximately HK\$117.5 million as per book) in the consolidated financial statements of the Group. The market valuation of the Asset on 22 August 2022 was EUR14.2 million (equivalent to approximately HK\$109.3 million) as appraised based on market approach by an independent valuer. There is neither revenue nor net profit/loss before and after taxation attributable to the Asset for the years ended 31 March 2021 and 2022.

The consideration under the Disposal represents an increase of about 33% over the investment cost and a premium of about 22% over the aforesaid market valuation. It is expected the Disposal will result in a net gain to the Group of approximately HK\$3.0 million after taking into account the estimated expenses (including commissions and other incidental costs and foreign exchange loss). However, the exact amount of the net gain can only be determined at completion of the Disposal.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

As a result of the Covid-19 pandemic and global economic uncertainty, the tourism industry has suffered severe blow. The Group has reviewed and altered the business plan on hospitality business and actively looks for opportunities to trim down the business, including the disposal of Sav Hospitality Limited (our hotel management company) and the hotel property in Hong Kong as announced on 20 December 2021. The Board considers that the current offer of the Disposal presents a good opportunity not only for the Group to further alignment of the divestment strategy but also to realize its investment in the Asset 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. Thus the Board considers that the terms of the Disposal are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

## **USE OF PROCEEDS**

The net proceeds from the Disposal receivable by the Vendor will amount to approximately HK\$120 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 Group.

## **INFORMATION ABOUT THE VENDOR, THE GROUP AND THE PURCHASER**

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company. The principal activity of the Vendor is investment holding.

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 having made all reasonable enquiries, the principal activities of the Purchaser are investments and corporate services, and the Purchaser and the ultimate beneficial owner 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**

|                             |  |
|-----------------------------|--|
| “Asset”                     | a project commissioned by the Group for a make-to-order craft to facilitate liveaboard purpose. According to the Certificate of British Registry dated 22 August 2022, the Asset has an identification official number of 752111 |
| “Board”                     | the board of Directors of the Company  |
| “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 Asset by the Vendor to the Purchaser   |
| “EUR”                       | Euro, the lawful currency of the member states of the European Union   |
| “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)        |
| “Listing Rules”             | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Purchaser”                 | Migom Investments FZE, a company established in Fujairah, United Arab Emirates and is ultimately beneficially owned by Mr. Thomas Adrian Schatti   |

|                               |  |
|-------------------------------|--|
| “Sale and Purchase Agreement” | the conditional sale and purchase agreement dated 14 October 2022 entered into between the Vendor and the Purchaser in relation to the Disposal          |
| “Stock Exchange”              | The Stock Exchange of Hong Kong Limited  |
| “Vendor”                      | Cedar Crystal Limited, a company established in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company |
| “%”                           | per cent   |

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

Hong Kong, 14 October 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 EUR in this announcement have been translated into HK\$ at the rate of EUR1.00 = HK\$7.70. 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.*