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If you have sold or transferred all your shares in **Chuang's Consortium International Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**MAJOR TRANSACTION  
IN RELATION TO THE DISPOSAL OF  
THE SALE SHARE AND THE SALE LOAN**

**Financial Adviser**

**BALLAS**

C A P I T A L

A subsidiary of Crosby

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Unless the context requires otherwise, capitalized terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 14 of this circular.

The Disposal has been approved by Shareholders' written approval obtained from EHL, the controlling shareholder of the Company, pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information purposes only.

17 June 2024

# CONTENTS

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	4
<b>Appendix I — Financial information of the Group</b> .....	I-1
<b>Appendix IIA — Property Valuation Report</b> .....	IIA-1
<b>Appendix IIB — Quantity Surveyor Report</b> .....	IIB-1
<b>Appendix III — General Information</b> .....	III-1

## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Agreed Property Value”	the agreed value of the Property of US\$33 million (equivalent to approximately HK\$258 million) under the Agreement
“Agreement”	the agreement dated 9 May 2024 entered into among the Vendor, the Assignor, the Target Company and the Purchaser in relation to the Disposal
“Assignor”	Reward International Limited, a company incorporated in Malaysia with limited liability and is an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday or a public holiday or a day on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong and Mongolia are open to the general public for business
“Colliers”	Colliers International (Hong Kong) Limited, an independent valuer appointed by the Company to carry out a valuation of the Property
“Company”	Chuang’s Consortium International Limited, a company incorporated in Bermuda and its shares are listed on the Main Board of the Stock Exchange (stock code: 367)
“Completion”	completion of the Agreement and the transactions contemplated thereunder
“Completion Date”	19 June 2024
“Completion NAV”	the aggregate of all assets (excluding the Property and the VAT Receivables) less the aggregate of all liabilities and provisions (excluding the deferred taxation liabilities and the Sale Loan) of the Target Company on the Completion Date
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

## DEFINITIONS

“Consideration”	the total consideration for the disposal of the Sale Share and the Sale Loan payable by the Purchaser to the Vendor and the Assignor respectively pursuant to the Agreement
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan pursuant to the Agreement
“EHL”	Evergain Holdings Limited, which, as at the Latest Practicable Date, held 949,581,644 Shares, representing approximately 56.77% of the entire issued share capital of the Company
“EUR”	Euro, the lawful currency of the member states of the European Union
“GFA”	gross floor area
“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
“Latest Practicable Date”	12 June 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange
“Mongolia”	Mongolian People’s Republic
“Mr. Alan Chuang”	Mr. Alan Chuang Shaw Swee, the controlling shareholder of the Company
“PRC”	the People’s Republic of China
“Property”	International Finance Centre, situated at 1st Khoroo, Sukhbaatar District, Ulaanbaatar, Mongolia
“Purchaser”	Mr. Ganbat Doniddagva, a citizen of Mongolia

## DEFINITIONS

“Remaining Group”	the Group immediately after Completion of the Disposal under the Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“S\$”	Singapore dollars, the lawful currency of Singapore
“Sale Loan”	the entire amount of the unsecured interest-free loan owing by the Target Company to the Assignor immediately prior to the Completion. The Sale Loan amounted to approximately HK\$252.6 million as at the Latest Practicable Date
“Sale Share”	entire issued share capital of the Target Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.25 each in the issued share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Mongolia Property Development LLC, a company incorporated in Mongolia with limited liability and is a direct wholly-owned subsidiary of the Vendor
“US\$”	United States dollars, the lawful currency of the United States of America
“VAT Receivables”	the amount of value-added tax receivables of the Target Company in Mongolia as at the Completion Date
“Vendor”	XYZ PTE. LTD., a company incorporated in Singapore with limited liability and is an indirect wholly-owned subsidiary of the Company
“sq. m.”	square meter
“%”	per cent.

*For use in this circular and for the purpose of illustration only, amounts denominated in US\$ is based on the approximate exchange rate of US\$1.00 to HK\$7.82. 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.*

LETTER FROM THE BOARD



Chuang's Consortium International Limited

(莊士機構國際有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 367)

*Executive Directors:*

Mr. Albert Chuang Ka Pun J.P.

(Chairman and Managing Director)

Mr. Richard Hung Ting Ho (Vice Chairman)

Mr. Edwin Chuang Ka Fung (Deputy Managing Director)

Miss Ann Li Mee Sum

Mrs. Candy Kotewall Chuang Ka Wai

Mr. Geoffrey Chuang Ka Kam

Mr. Chan Chun Man

*Independent non-executive Directors:*

Mr. Abraham Shek Lai Him G.B.S., J.P.

Mr. Fong Shing Kwong

Mr. Yau Chi Ming

Mr. David Chu Yu Lin S.B.S., J.P.

Mr. Tony Tse Wai Chuen B.B.S., J.P.

*Registered office:*

Clarendon House

2 Church Street

Hamilton, HM 11

Bermuda

*Principal office in Hong Kong:*

25th Floor

Alexandra House

18 Chater Road

Central

Hong Kong

17 June 2024

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
IN RELATION TO THE DISPOSAL OF  
THE SALE SHARE AND THE SALE LOAN**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 9 May 2024 (after trading hours) in relation to the Agreement and the Disposal.

On 9 May 2024 (after trading hours), the Vendor and the Assignor (both being indirect wholly-owned subsidiaries of the Company), and the Target Company entered into the Agreement with the Purchaser in relation to the Disposal, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Share, and the Assignor has agreed to assign and the Purchaser has agreed to take up the assignment of the Sale Loan.

## LETTER FROM THE BOARD

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best of the knowledge, information and belief of the Board having made all reasonable enquiries, none of the Shareholders has a material interest in the Disposal. Accordingly, no Shareholder will be required to abstain from voting if the Company were to convene a general meeting for approving the Disposal. Pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting, Shareholders' written approval has been obtained from EHL, which, as at the date of the Agreement and the Latest Practicable Date, held 949,581,644 Shares, representing approximately 56.77% of the entire issued share capital of the Company, approving the Disposal.

Upon Completion, the Company will cease to hold any interest in the Target Company. Accordingly, the Target Company will cease to be a subsidiary of the Company upon Completion and the financial results, assets and liabilities of the Target Company will no longer be included into the consolidated financial statements of the Group.

The purpose of this circular is to provide you with, amongst other things, further information on the Disposal, the Agreement and the transactions contemplated thereunder and other information as required under the Listing Rules.

### THE AGREEMENT

The principal terms of the Agreement are as follow:

#### Date

9 May 2024 (after trading hours)

#### Parties

Vendor:	XYZ PTE. LTD.
Assignor:	Reward International Limited
Target Company:	Mongolia Property Development LLC
Purchaser:	Mr. Ganbat Doniddagva

#### Assets to be disposed of

Pursuant to the Agreement, the assets to be disposed of by the Vendor and the Assignor to the Purchaser comprise (i) the Sale Share (representing the entire issued share capital of the Target Company); and (ii) the Sale Loan (representing the entire amount of the loan owing by the Target Company to the Assignor immediately prior to the Completion).

## LETTER FROM THE BOARD

The Vendor has conditionally agreed to sell the Sale Share and the Assignor has conditionally agreed to assign the Sale Loan to the Purchaser free from encumbrances but together with all rights attached, accrued or accruing thereto as at the Completion Date and together with all dividends and distributions declared, made or paid or agreed to be made or paid thereon or in respect thereof on or after the Completion Date.

The principal asset of the Target Company is the Property. Further information of the Target Company is set out in the section headed “Information on the Target Company and the Property” below.

### **Consideration**

The Consideration for the Sale Share and the Sale Loan is estimated to be not more than approximately US\$33 million (equivalent to approximately HK\$258 million) (subject to adjustments).

The Consideration was arrived at after arm’s length negotiations among the Vendor, the Assignor and the Purchaser after taking into account (i) the Agreed Property Value of US\$33 million (equivalent to approximately HK\$258 million) and (ii) the Completion NAV.

Based on the unaudited financial information of the Target Company as at 31 March 2024 extracted from the Group’s unaudited consolidated financial statements with estimated adjustments made up to Completion, to the best of the Directors’ knowledge, information and belief, the Directors estimate that the Completion NAV will be a negative figure with an absolute amount of not more than approximately US\$0.2 million (equivalent to approximately HK\$1.6 million), i.e. on this basis, the Target Company will be at a net liabilities position of not more than approximately US\$0.2 million (equivalent to approximately HK\$1.6 million) as at the Completion Date. Based on such estimation, the Consideration is expected to range between approximately US\$32.8 million (being US\$33 million minus US\$0.2 million) to US\$33 million. The exact amount of the Completion NAV and hence the Consideration can only be determined as at Completion.

The total Consideration for the Disposal of the Sale Share and the Sale Loan is estimated to be not more than approximately US\$33 million (equivalent to approximately HK\$258 million) (subject to adjustments) and it covers both the amount of the Sale Loan (which was approximately HK\$252.6 million as at the Latest Practicable Date) and the value of the Sale Share (after taking into account the Agreed Property Value and excluding the Sale Loan) of approximately HK\$5.4 million as at the Latest Practicable Date. The aforesaid value of the Sale Share mainly represents the net assets of the Target Company of approximately HK\$222.6 million as at 31 March 2024, adjusted by (i) the deduction of the Sale Loan of approximately HK\$250.4 million as at 31 March 2024, (ii) the increase in the value of the Property of about HK\$31 million (arising from its book value of approximately HK\$227 million up to the Agreed Property Value of approximately HK\$258 million), (iii) the addition of the reversal of deferred taxation liabilities of approximately HK\$2.9 million, and (iv) the deduction of the estimated



## LETTER FROM THE BOARD

adjustments (mainly expenses incurred) of approximately HK\$0.7 million on the net assets of the Target Company made up from 31 March 2024 to the Latest Practicable Date.

The principal asset of the Target Company is the Property and the Agreed Property Value was US\$33 million (equivalent to approximately HK\$258 million), which was determined after arm's length negotiations among the Vendor, the Assignor and the Purchaser by reference to, among others, the current development status of the Property, market values of comparable properties in nearby areas and the latest market conditions in Mongolia. As for the current development status of the Property, it is planned that a retail/office building comprising office units and shopping units will be developed. Although the superstructure works have been topped off, the internal structural works and external cladding works were halted because of Covid-19. The Property is recorded as an investment property under development in the consolidated financial statements of the Group. In considering the market values of the comparable properties in nearby areas, there are many office buildings in the vicinity and the Company has made reference to the asking prices and transaction prices of office buildings in close proximity and/or with similar building quality. In particular, all the comparables considered are located in the Sukhbaatar district, being the central business district in Ulaanbaatar, and are within 1 kilometer distance from the Property and are walkable in 15 minutes. In terms of building quality, the comparables considered provide standard office provisions such as curtain wall façade and/or central ventilation system and high-speed vertical transportation. They are similar to that to be provided in the Property. The prices of the selected properties range from about US\$1,900 per sq. m. to about US\$3,200 per sq. m., which give an average price of about US\$2,800 per sq. m. (which is close to the unit rate of about US\$2,819 per sq. m. adopted in the calculation of the gross development value of the Property as appraised by Colliers, an independent valuer appointed by the Company). Regarding the latest market conditions in Mongolia, it is noted that the Mongolia's real estate sector is gradually improving due to urban migration towards Ulaanbaatar since post-pandemic. Thus the Company considers that the Disposal provides a valuable opportunity to unlock the value and accelerate the return of its investment in the Property.

Moreover, the Agreed Property Value represents a premium of about 13.8% to market valuation of the Property as at 31 March 2024 of US\$29 million (equivalent to approximately HK\$227 million) as appraised by Colliers, an independent valuer appointed by the Company, based on residual approach. As advised by Colliers, the residual approach is commonly used to evaluate asset that is under development. The value is the residue of the gross development value of the proposed development scheme upon completion (which is evaluated using market approach by comparing recent sales of similar interests in the building or buildings located in the surrounding area, with adjustments made for nature of transaction, size, location, time, amenities and other relevant factors), deferred by the development period up to the time when all the units have been disposed of in the open market, after deducting the development costs including demolition costs, building costs, professional fees and allowance for risk and profit. Further details of the valuation of the Property are set out in Appendix IIA to this circular.

## LETTER FROM THE BOARD

Taking into account that (i) the Consideration is determined after arm's length negotiations among the Vendor, the Assignor and the Purchaser; (ii) the Consideration is based on the Agreed Property Value and Completion NAV; (iii) the Agreed Property Value represents a premium of about 13.8% to the market valuation of the Property as at 31 March 2024 as appraised by Colliers, an independent valuer; (iv) the market valuation of the Property as at 31 March 2024 as determined by Colliers has taken into account the market values of comparable properties in areas near the Property (details are set out in the valuation report in Appendix IIA); and (v) the amount of the Sale Loan, the Directors are of the view that the Consideration and the Agreed Property Value are fair and reasonable.

The Consideration of approximately US\$33 million (equivalent to approximately HK\$258 million), subject to adjustments, will be settled in the following manner:

- (a) an earnest money of US\$0.3 million (equivalent to approximately HK\$2.3 million) has already been paid by the Purchaser in cash in Hong Kong prior to the signing of the Agreement, which shall represent part payment of the Consideration upon Completion;
- (b) a further deposit of US\$4.65 million (equivalent to approximately HK\$36.4 million) has been paid by the Purchaser in cash in Hong Kong within five Business Days after the date of the Agreement, which shall represent further part payment of the Consideration upon Completion; and
- (c) the balance of an amount of approximately US\$28.05 million (equivalent to approximately HK\$219.3 million), subject to adjustments, shall be paid by the Purchaser in cash in Hong Kong upon Completion.

### **VAT Receivables**

Pursuant to the terms of the Agreement, the Purchaser undertakes with the Vendor and the Assignor that in the event if any VAT Receivables are utilized by the Target Company within four years from the Completion Date, the Purchaser shall pay to the Vendor within 10 days from the expiry date of the 4th anniversary of the Completion Date the amount of all such VAT Receivables utilized.

Based on the unaudited financial information of the Target Company as at 31 March 2024 with estimated adjustments made up to Completion, to the best of the Directors' knowledge, information and belief, the Directors estimate that the maximum amount of the VAT Receivables will not be higher than approximately US\$1.3 million (equivalent to approximately HK\$10.2 million). The exact amount of the VAT Receivables can only be determined as at the Completion, and the exact amount payable by the Purchaser can only be determined in 4 years after Completion.

## LETTER FROM THE BOARD

### Condition precedent

Completion is conditional upon the Shareholders approving the Disposal. The condition had been fulfilled on the date of the Agreement. Please refer to the section headed “Implications under the Listing Rules” for more details.

### Completion

Pursuant to the Agreement, Completion shall take place on 24 June 2024, or such other day as may be agreed in writing among the Vendor, the Assignor and the Purchaser. At the request of the Purchaser, on 5 June 2024, the Vendor, the Assignor and the Purchaser agreed to advance the Completion Date to 19 June 2024. The Board considers that the change of the Completion Date would be in the interests of the Company and the Shareholders as a whole. Save and except for the change of the Completion Date, all other terms, conditions and provisions of the Agreement remain unchanged. Based on the best of the Directors’ knowledge, information and belief, as at the Latest Practicable Date, the Board is not aware of any other circumstances that may lead to a change of the Completion Date.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results, assets and liabilities of the Target Company will no longer be included in the consolidated financial statements of the Group.

### INFORMATION ON THE TARGET COMPANY AND THE PROPERTY

The Target Company is incorporated in Mongolia with limited liability and is a direct wholly-owned subsidiary of the Vendor. The Target Company is principally engaged in the investment and development of the Property.

The Property has a site area of about 3,269 sq. m. and is located within the central business district of Mongolia. It is planned that a 26-storey retail/office building with GFA of about 40,000 sq. m., comprising office units and carparking spaces with shopping units at the podium levels will be developed. Superstructure works have been topped off. Internal structural works and external cladding works were halted because of Covid-19. The Property is held by the Group as an investment property under development in the consolidated financial statements.

Set out below is the unaudited financial summary of the Target Company extracted from the Group’s unaudited consolidated financial statements:

	For the financial year ended	
	31 March 2024	31 March 2023
	HK\$’000	HK\$’000
	(note)	(note)
Revenue	–	–
Loss before taxation	(31,355)	(118,810)
Loss after taxation	(26,385)	(89,418)

## LETTER FROM THE BOARD

*Note: The figures included the fair value loss of approximately HK\$19.9 million and HK\$117.6 million on the revaluation of the Property and the reversal of the related deferred taxation liabilities of approximately HK\$5.0 million and HK\$29.4 million for the financial years ended 31 March 2024 and 2023 respectively.*

The total assets and net assets of the Target Company (not taking into account the amount due to the Assignor of approximately HK\$250.4 million) as at 31 March 2024 were approximately HK\$227.3 million and HK\$222.6 million respectively.

The Property was recorded at valuation of US\$29 million (equivalent to approximately HK\$227 million) as at 31 March 2024 in the unaudited consolidated financial statements of the Group, in which valuation is appraised by Colliers, an independent valuer appointed by the Company, based on residual method. The Agreed Property Value of US\$33 million represents a premium of about 13.8% to the appraised value of the Property of US\$29 million as at 31 March 2024. For further details of the valuation of the Property, please refer to the full text of the valuation report as set out in Appendix IIA to this circular.

### **INFORMATION OF THE VENDOR, THE ASSIGNOR, THE COMPANY AND THE GROUP**

The Vendor is a company incorporated in Singapore with limited liability and is an indirect wholly-owned subsidiary of the Company. The Vendor is principally engaged in investment holding and its sole investment is the holding of the issued share capital of the Target Company.

The Assignor is a company incorporated in Malaysia with limited liability and is an indirect wholly-owned subsidiary of the Company. The Assignor is principally engaged in the provision of funding to the Target Company on behalf of the Vendor and the Company.

The Company is incorporated in Bermuda 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.

### **INFORMATION OF THE PURCHASER**

The Purchaser is Mr. Ganbat Doniddagva, a citizen of Mongolia.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, the Purchaser is a third party independent of the Company and its connected persons.

## LETTER FROM THE BOARD

### USE OF PROCEEDS

Based on the estimated Consideration of approximately US\$33 million (equivalent to approximately HK\$258 million), the net cash proceeds (after deducting the expenses and taxation associated with the Disposal) from the Disposal are estimated to be approximately HK\$251 million. The Company intends to apply the net proceeds from the Disposal for general working capital of the Group such as payment of finance costs of bank borrowings of approximately HK\$179 million and other general administrative expenses of approximately HK\$72 million. Thus the net proceeds from the Disposal will replenish the working capital of the Group, improve its liquidity and strengthen its financial position.

### REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board has considered the following factors regarding the Disposal:

- (a) as disclosed in the annual report of the Company for the year ended 31 March 2023 and the interim report of the Company for the six months ended 30 September 2023, the Group will adopt appropriate strategy to consider disposal of investments in non-core assets (being properties situated outside Hong Kong and/or assets which are not generating any income or only generate low level of return of investments). The Disposal is in line with the Group's strategy to off-load investments in non-core assets;
- (b) the net proceeds from the Disposal will improve the Group's liquidity and strengthen its financial position, in particular, increasing the cash resources and improving the net debt position by approximately HK\$251 million respectively immediately after Completion; and
- (c) the Consideration is based on the Agreed Property Value of US\$33 million (equivalent to approximately HK\$258 million) which represents a premium of approximately 13.8% to the appraised value of the Property as provided by Colliers of US\$29 million (equivalent to approximately HK\$227 million) as at 31 March 2024.

Having considered the above factors and amid the current uncertain global macro-economic environment (which include, among others, the uncertain timing of the interest rate cuts and the uncertain economic growth of the PRC economy), the Board considers that the Disposal represents a good opportunity for the Group to lock in its return on the Property with a profit and further enhance its cash position. The Board is of the view that the terms of the Agreement are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### FINANCIAL EFFECTS OF THE DISPOSAL

#### Earnings

On the basis of the Consideration of approximately US\$33 million (equivalent to approximately HK\$258 million), it is expected that the Group will record an estimated gain on the Disposal of approximately HK\$23.5 million (this does not take into account the potential income of VAT Receivables with maximum amount of approximately HK\$10.2 million as mentioned in the section headed “The Agreement – VAT Receivables”).

The calculation of the estimated gain on the Disposal is shown as below:

	<i>HK\$'million</i>	<i>HK\$'million</i>
Initial Consideration (US\$33 million)		258
Estimated Completion NAV (US\$0.2 million)		<u>(1.6)</u>
Consideration		256.4
Less:		
Fair value of the Property as at 31 March 2024 (US\$29 million)	227	
Estimated Completion NAV	(1.6)	
Estimated expenses and taxation related to the Disposal	5.1	
Realization of exchange reserve	5.3	
Reversal of deferred taxation liabilities	<u>(2.9)</u>	
		<u>232.9</u>
Estimated gain on the Disposal		<u><u>23.5</u></u>

The actual amount of the gain arising from the Disposal can only be determined at Completion.

#### Assets and liabilities

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results, assets and liabilities of the Target Company will no longer be included in the consolidated financial statements of the Group.

Based on the estimated Consideration of US\$33 million (equivalent to approximately HK\$258 million) and given that the Group is expected to record an estimated gain on the Disposal of approximately HK\$23.5 million upon Completion, the estimated consolidated net asset value of the Group is expected to increase by approximately HK\$28.8 million upon Completion (after taking into account the realization of exchange reserve with negative amount of approximately HK\$5.3 million). On the above basis, the estimated consolidated total assets

## **LETTER FROM THE BOARD**

of the Group is expected to increase by approximately HK\$23.9 million, and the estimated consolidated total liabilities of the Group is expected to decrease by approximately HK\$4.9 million upon Completion. However, the actual amounts can only be determined at Completion.

### **General**

Shareholders should note that the financial impact set out above is for illustrative purpose only, which will have to be ascertained at the time of preparation of the Company's consolidated financial statements with reference to, among other things, the actual expenses and taxation associated with the Disposal, and is subject to audit.

### **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal exceeds 25% (but is less than 75%), the Disposal constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Board having made all reasonable enquiries, none of the Shareholders has a material interest in the Disposal. Accordingly, no Shareholder will be required to abstain from voting if the Company were to convene a general meeting for approving the Disposal. Pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting, Shareholders' written approval has been obtained from EHL, which, as at the date of the Agreement and the Latest Practicable Date, held 949,581,644 Shares, representing approximately 56.77% of the entire issued share capital of the Company, approving the Disposal. EHL is owned as to 60% by Mr. Alan Chuang, the honorary chairman of the Company, and 10% each by Mr. Albert Chuang Ka Pun, Mrs. Candy Kotewall Chuang Ka Wai, Mr. Edwin Chuang Ka Fung and Mr. Geoffrey Chuang Ka Kam, each a Director. EHL's interests in the Disposal aligns with the interest of the other Shareholders. Accordingly, EHL does not have a material interest in the Disposal and will not be required to abstain from voting. As such, the Company is not required to convene a special general meeting for this purpose.

### **RECOMMENDATION**

Although no general meeting will be convened for approving the Agreement, the Disposal and the transactions contemplated thereunder, the Board is of the view that the terms of the Agreement are on normal commercial terms, fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

Accordingly, if a general meeting were to be convened for approving the Agreement, the Disposal and transactions contemplated thereunder, the Board would recommend the Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the general meeting to approve the Agreement, the Disposal and the transactions contemplated thereunder.

## LETTER FROM THE BOARD

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

### GENERAL

**It should be noted that the Completion is conditional upon the satisfaction of the terms and conditions of the Agreement, which may or may not be fulfilled. The Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the Shares.**

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



## 1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Details of (i) the audited consolidated financial information of the Group for the three years ended 31 March 2021, 2022 and 2023 are disclosed in the following annual reports of the Company for the years ended 31 March 2021, 2022 and 2023 respectively; and (ii) the unaudited consolidated interim financial information of the Group for the six months ended 30 September 2023 is disclosed in the following interim report of the Company, which have been published and are available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company.

- (i) The annual report of the Company for the year ended 31 March 2021 published on 28 July 2021 (pages 138 to 238) in relation to the financial information of the Group for the same year.

Please see below the link to the annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0728/2021072800409.pdf>

- (ii) The annual report of the Company for the year ended 31 March 2022 published on 28 July 2022 (pages 134 to 241) in relation to the financial information of the Group for the same year.

Please see below the link to the annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0728/2022072800479.pdf>

- (iii) The annual report of the Company for the year ended 31 March 2023 published on 27 July 2023 (pages 118 to 222) in relation to the financial information of the Group for the same year.

Please see below the link to the annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0727/2023072700467.pdf>

- (iv) The interim report of the Company for the six months ended 30 September 2023 published on 18 December 2023 (pages 29 to 50) in relation to the financial information of the Group for the same period.

Please see below the link to the interim report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1218/2023121800284.pdf>

## 2. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the financial resources presently available to the Group, including the internally generated funds, the existing borrowings, the currently available facilities, and the effects of the Disposal, and in the absence of unforeseen circumstances, the Group has sufficient working capital for its normal business for at least the next twelve months from the date of this circular. The Company has obtained the relevant letter as required under Rule 14.66(12).

### 3. INDEBTEDNESS STATEMENT

As at the close of business on 30 April 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had aggregate outstanding indebtedness of approximately HK\$3,912.1 million, comprising (i) bank borrowings of approximately HK\$3,804.5 million (in which approximately HK\$3,573.8 million was secured by fixed charges on certain assets of the Group (including property, plant and equipment, investment properties, right-of-use assets, properties for/under development and properties for sale) and approximately HK\$230.7 million was unsecured), (ii) unsecured borrowings from non-controlling shareholders of approximately HK\$55.3 million and (iii) unsecured lease liabilities of approximately HK\$52.3 million.

As at 30 April 2024, the Company provided a guarantee of approximately HK\$241.7 million for the banking facilities granted to a joint venture, and the Group provided guarantee of approximately HK\$4.4 million to banks for mortgage loans made by the banks to the purchasers of properties sold by the Group in the PRC.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 30 April 2024, the Group did not have any other debt securities issued and outstanding or authorized or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, lease liabilities, hire purchase commitments, guarantees or other material contingent liabilities.

### 4. MATERIAL ADVERSE CHANGE

Save as disclosed in:

- (i) the interim report of the Company for the six months ended 30 September 2023 (the “**Interim Period**”) regarding the financial performance of the Group, in which showed that the loss attributable to equity holders of the Company for the Interim Period amounted to HK\$484.8 million. The loss of the Interim Period was principally attributable to (a) the recognition of a fair value loss of investment properties of the Group; (b) the recognition of impairment provision for properties for/under development of the Group; and (c) the recognition of an unrealized fair value loss on bond investments of the Group as a result of mark to market prices as at the recording date (collectively the “**Loss Reasons**”); and

- (ii) the announcement of the Company dated 2 May 2024 about the estimated final results of the Company for the year ended 31 March 2024 (the “FY2024”), in which stated that the Group expected to record a loss attributable to equity holders of the Company in the range of approximately HK\$885 million to HK\$955 million for the FY2024. The loss of the FY2024 was principally attributable to the Loss Reasons;

as at the Latest Practicable Date, the Directors confirmed that there were no material adverse changes in the financial or trading position or prospects of the Group since 31 March 2023 (being the date to which the latest published audited consolidated financial statements of the Group had been made up) up to and including the Latest Practicable Date.

## 5. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

Given the current global economic and political situation, as well as the Hong Kong economy and environment in general, the property market in Hong Kong has been very volatile. With the high interest rates throughout the years, it had inevitably been affecting all business sectors, especially the property market. As such, the property investment and development businesses of the Remaining Group are adversely affected.

As for the development properties business, the Remaining Group will continue to monitor the progress of the construction works of the projects at Gage Street, Po Shan Road and Ap Lei Chau in Hong Kong. It will take appropriate strategies to monitor the pre-sale progress of ARUNA at Ap Lei Chau.

As for the investment properties business, the Remaining Group will continue to review tenant status and tenant mix and enhancing the esthetics of the properties, so as to improve rental yield and occupancy of its investment properties with the aim to enhance the return and thus their capital values.

As for the cemetery business in the PRC, with the increase in demand of prestigious grave plots and niches due to the growth of aged population in the PRC, coupled with the improvement in infrastructure in nearby area, the Remaining Group is confident that this investment will be rewarding in the long-term. The cemetery business has full license for sale not only in the PRC, but also includes overseas Chinese as well as residents of Hong Kong, Macau and Taiwan. It shall continue to market its unsold grave plots and niches, and will take more proactive steps in its brand building and customer services.

As for the securities investment and trading business, the performance of the bond investments of the Remaining Group was continuously adversely affected by unfavourable market condition of the PRC property bond sector, and thus certain listed corporate bonds held by the Remaining Group were in default. Most of the listed corporate bond investments of the Remaining Group are contemplating debt restructuring exercises. The Remaining Group had considered restructuring exchanges of certain listed corporate bond investments. The Remaining Group will continue to monitor the performance of its investment portfolios from time to time.

Since the interest rates are expected to reach a peak in the coming future, and in view of the various measures implemented by the Hong Kong government to stimulate the local economy, the Remaining Group remains positive and has confidence on the property market and the overall economy in Hong Kong. The Remaining Group will monitor the situation closely and will take appropriate steps to preserve the Remaining Group's competitiveness and grasp opportunities ahead. The Remaining Group will continue to look for opportunities to realize investments in various investment properties and off-load investments in non-core assets in order to further enhance the financial resources and capability of the Remaining Group to replenish its land bank in Hong Kong, especially for the luxury and mass residential market, for future property development and trading.

As explained in the sections headed "Use of Proceeds", "Reasons for and benefits of the Disposal" and "Financial Effects of the Disposal" in the letter from the Board, the net asset value and the financial position of the Remaining Group would be enhanced following Completion of the Disposal contemplated under the Agreement, which is beneficial to the long-term development of the Remaining Group. Furthermore, the net proceeds from the Disposal will replenish the working capital of the Remaining Group and improve its liquidity.

*The following is the text of a letter and valuation particulars prepared for the purpose of incorporation in this circular received from Colliers, an independent valuer, in connection with its valuation of the Property as at 31 March 2024.*

The logo for Colliers, featuring the word "Colliers" in a white serif font on a dark rectangular background with a horizontal gradient bar at the bottom.

17 June 2024

The Directors  
**Chuang's Consortium International Limited**  
25/F, Alexandra House  
18 Chater Road, Central  
Hong Kong

**Re: Valuation of International Finance Centre, 1st Khoroo, Sukhbaatar District, Ulaanbaatar, Mongolia (the "Property")**

Dear Sirs,

#### **Instructions, Purposes and Valuation Date**

In accordance with the instructions for us to value the Property in which Chuang's Consortium International Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") have interests, we confirm that we have carried out physical inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for providing you with our opinion of the Market Value of the Property in its existing state as at 31 March 2024 (the "**Valuation Date**") for circular purposes.

#### **Valuation Basis**

Our valuation is based on Market Value which is defined as the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

#### **Valuation Standards**

The valuation has been carried out in accordance with the Royal Institution of Chartered Surveyors' RICS Valuation – Global Standards, incorporating the International Valuation Standards published by the International Valuation Standards Council (IVSC) and follows the International Valuation Standards.

Colliers International (Hong Kong) Limited is regulated by the Royal Institution of Chartered Surveyors (RICS) which monitors regulated firms under its conduct and disciplinary regulations. In accordance with RICS regulatory requirements, Colliers International (Hong Kong) Limited maintains a complaints handling procedure, details of which are available upon request.

We have complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

### **The Valuer**

The Property has been valued by Hannah Jeong, and assisted by Terence Yeung. The valuers have sufficient valuation experience to undertake a valuation of this size and nature.

Hannah is a Member of the Royal Institution of Chartered Surveyors (Registration No. 1238540), a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in the Hong Kong Special Administrative Region. She is suitably qualified to carry out the valuation and has more than 18 years of experience in valuing properties of this magnitude and nature.

Terence is a Member of the Royal Institution of Chartered Surveyors (Registration No. 6526261), a Member of the Hong Kong Institute of Surveyors and a CFA Charterholder. He is suitably qualified to carry out the valuation and has more than 9 years of experience in valuing properties of this magnitude and nature.

Neither the valuers nor Colliers International (Hong Kong) Limited are aware of any pecuniary or other conflict of interest that would affect their ability to give an unbiased and objective opinion of the value of the Property.

### **Valuation Assumptions**

- Our valuation has been made on the assumption that the seller disposes of the Property on the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the Property.
- No allowance has been made for any charges, mortgages or amounts owing on the Property or for any expenses or taxations which may be incurred in effecting a sale.
- Unless otherwise stated, we have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value.
- It is assumed that any land premium or other fees payable for the acquisition, transfer, sale, letting or mortgage of the Property have been fully paid and settled.
- We have assumed proper title has been obtained, and the Property and the interest valued therein can be freely transferred, mortgaged and let in the market.

- We are not aware of any easements or rights of way affecting the Property and have assumed that none exists.
- We have assumed that all information, estimates and opinions furnished to us and contained in this report including all information provided by the Company, are true and correct, fit for valuation purposes, and from reliable sources. We can assume no responsibility for accuracy.
- We have not carried out any detailed site measurements to verify the correctness of areas, nor have we tested any of the services and facilities. We have assumed that the areas shown on the documents provided to us are correct and that the services and facilities are in good working order.
- We have assumed that the Property is free from any contamination and environmental problems or hazards.

### Valuation Approaches and Methods

In determining the Market Value of the Property which were under development as at the Valuation Date, we have adopted the Residual Method. Residual Method is commonly adopted for development projects due to limited market comparables for construction-in-progress sites. We have assumed that the Property will be developed and completed in accordance with the latest development proposals provided to us by the Company.

The **Residual Method** is a means of valuing land or buildings by reference to their development potential. The value is the residue of the Gross Development Value of the proposed development scheme upon completion, deferred by the development period up to the time when all the units have been disposed of in the open market, after deducting the development costs including demolition costs, building costs, professional fees and allowance for risk and profit.

In the course of the Residual Method of valuation, we have adopted Market Approach to assess the Gross Development Value of the Property. Gross Development Value refers to the total proceeds of sale arising from sales of all units of the completed development proposed to be built on the site being valued.

As there are sufficient comparables in the market for assessing the total proceeds of sales, Market Approach is considered to be the most suitable approach for valuing property in similar magnitude in the market.

The **Market Approach** estimates the value of a property by comparing recent sales of similar interests in the building or buildings located in their surrounding area. By analysing such sales which qualify as 'arms-length' transactions, between willing buyers and sellers, adjustments are made for nature of transaction, size, location, time, amenities, and other relevant factors when comparing such sales prices to assess the value of the property. This approach is commonly used to value properties when reliable sales evidence of properties of a similar nature is available.

**Inspections, Investigations and Sources of Information**

Last inspection of the Property, befitting this valuation, was undertaken on 15 May 2024 by Terence Yeung. We have assumed that the Property is in the reasonable condition reflecting the incurred construction cost as at the Valuation Date and the construction progress from last date of inspection.

In relation to the construction cost information, we have taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the Valuation Date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost information provided by the Company as at the Valuation Date.

We have been provided with the approved architectural plan, land use rights agreement, land use rights certificate together with the translation documents. We have relied considerably on the advice given by the Company's Mongolian legal adviser – MahoneyLiotta LLP (“**Mahoney**”), concerning the validity of the property interests in Mongolia.

We have relied on a very considerable extent on the information given by the Company and have accepted advice given to us on the matters related to land uses term, planning approvals, approved architectural plan documents, statutory notices, particular of occupancy and other relevant matters.

We confirm that we have made enquiries and obtained such information as we consider necessary to undertake the valuation. The information has been obtained from various sources, including the Company, information already in the public domain and our own databases and has been verified as far as is reasonable.

No on-site measurements have been taken to verify the correctness of site areas. We have assumed that the site areas shown on the documents obtained by us are correct. No structural or environmental surveys have been carried out. Services and facilities have not been tested.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

**Currency**

All monetary figures stated in this report are in United States Dollar (US\$).



**Valuation**

We are of the opinion that the market value of the Property, subject to the contents, terms and conditions contained within and annexed to this report, as at 31 March 2024, is in the sum of:

**US\$29,000,000**  
**(United States Dollars Twenty Nine Million Only)**

Our valuation particulars are attached hereto.

Yours faithfully,  
For and on behalf of  
**Colliers International (Hong Kong) Limited**  
**Hannah Jeong**  
*MSc (Real Estate) MRICS MHKIS RPS(GP)*  
Head of Valuation and Advisory Services

*Note:* Hannah Jeong holds a Master of Science Degree in Real Estate and is a Member of The Royal Institution of Chartered Surveyors with over 18 years' experience in the real estate industry. Her valuation experience covers the United Kingdom, Central and West Asia, People's Republic of China, Korea, Hong Kong and other regions. Hannah is a Member of The Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice).

Property interests for property under development which the Company is considering disposing of:

#### VALUATION PARTICULARS

Property	Description and Tenure	Particulars of Occupancy	Market Value as at 31 March 2024
International Finance Centre, 1st Khoroo, Sukhbaatar District, Ulaanbaatar, Mongolia (the "Property")	International Finance Centre is a commercial construction-in-progress that is proposed to be a 26-storey office tower comprising 2-storey of basement car parking spaces, G/F for lobby and retail shops and 2/F to 26/F for office uses.	As advised by the Company and confirmed by on-site inspection, the Property is currently under construction with superstructure work having been topped off.	US\$29,000,000 (United States Dollars Twenty Nine Million Only)
	According to the land use rights certificate provided by the Company, the Property has a registered site area of 3,269 sq. m. which was held under the land use rights certificate No. 000003661 dated 14 September 2021 granted for a term of 5 years commencing from 9 September 2021.		
	According to the approved architectural plan provided by the Company, the Property has a total gross floor area of approximately 40,000 sq. m. (including both retail and office).		

*Notes:*

- (1) The registered owner of the Property is Mongolia Property Development LLC (the “**Target Company**”) under land use rights agreement No. 01119–2021/02987 dated 13 April 2022.
- (2) Pursuant to the land use rights certificate No. 000003661 dated 14 September 2021 provided by the Company, the Property, with land plot No. 1460500329, was held under land use rights of 5 years commencing from 9 September 2021, in favour of the Target Company for library, services and residential uses. As advised by the Company, according to the local practice, “services” uses included retail and office uses.
- (3) The Property is located within the central business district, at the junction of Chinggis Khan Avenue and Genden Street. The Property is strategically located within 5 minutes walking distance from Chinggis Khan Square. The neighbourhood is surrounded by Grade A offices, retail premises and hotel developments. It is also conveniently located in proximity to the key shopping mall of the city, Shangri-la Centre.
- (4) Pursuant to the approved architectural plan dated 22 June 2015 in favour of the Target Company, permission by the relevant local authority was given to commence the construction work with a total gross floor area of approximately 40,000 sq. m. and the estimated net floor area to gross floor area efficiency is approximately 81%.
- (5) As advised by the Company and further verified by independent qualified quantity surveyor, the estimated total construction cost for the Property is about US\$50.4 million, among which, the incurred cost as of the Valuation Date is about US\$22.0 million and the outstanding construction cost as of the Valuation Date is about US\$28.4 million. Adding together with the related professional fee of approximately US\$2.2 million as advised by the Company, the estimated total construction cost for the Property is about US\$52.6 million, and the incurred cost as at the Valuation Date is about US\$24.2 million and the outstanding construction cost as of the Valuation Date is about US\$28.4 million.

We have been provided with an independent qualified quantity surveyor report dated 24 May 2024 and issued by NL Consultants Limited which is engaged by the Company for the verification of the construction cost of the Property, which contains, inter alia, the followings:

- (i) The total contract sum and payment status up to 31 March 2024 of the Property have been checked and verified with the contract documents, agreements, quotations and payment records;
- (ii) The total contract sum of the Property is about US\$50.4 million; and
- (iii) The remaining contract sum outstanding to be paid of the Property is about US\$28.4 million.

In the course of the Residual Method, we have relied on the outstanding construction cost of about US\$28.4 million, as verified by the abovementioned independent qualified quantity surveyor, and deduct such amount from the Gross Development Value assessed to arrive at the market value of the Property.

- (6) As at the Valuation Date, the estimated completion date for the proposed development of the Property is around October 2025 as advised by the Company.

(7) Our valuation on Gross Development Value has been made on the following basis:

- (i) In assessing the Gross Development Value, we have collected and analysed relevant asking comparables in the locality, which are available for sales over the past 2 quarters. The selected comparables are completed between 2014 to 2024, and share similarities with the subject property in terms of location, quality, accessibility, building usage as office and/or composite, etc. The unit rates of these comparables on net floor area basis ranged from approximately US\$1,836 per sq. m. to US\$3,706 per sq. m..

The details of the comparables are as follows:

	<b>Comparable 1</b>	<b>Comparable 2</b>
Name of Development	Millennium Plaza	UB Tower
District	Bayanzurkh	Bayanzurkh
Type	Composite	Office
Net Floor Area (sq. m.)	59	42
Floor	13	9
Year Built	2021	2023
Asking Price (US\$)	148,546	76,379
Unit Rate (US\$/sq. m.)	2,518	1,836
	<b>Comparable 3</b>	<b>Comparable 4</b>
Name of Development	BID Financial Centre	River Plaza
District	Sukhbaatar	Khanuul
Type	Office	Composite
Net Floor Area (sq. m.)	247	287
Floor	7	3
Year Built	2014	2023
Asking Price (US\$)	658,462	758,283
Unit Rate (US\$/sq. m.)	2,666	2,642
	<b>Comparable 5</b>	<b>Comparable 6</b>
Name of Development	Ayud Tower	Soyombo Tower
District	Sukhbaatar	Sukhbaatar
Type	Office	Composite
Net Floor Area (sq. m.)	800	485
Floor	8	3
Year Built	2018	2018
Asking Price (US\$)	2,073,429	947,853
Unit Rate (US\$/sq. m.)	2,592	1,954
	<b>Comparable 7</b>	<b>Comparable 8</b>
Name of Development	Minister Tower	International Technology Centre
District	Sukhbaatar	Sukhbaatar
Type	Composite	Office
Net Floor Area (sq. m.)	182	444
Floor	9	10
Year Built	2024	2024
Asking Price (US\$)	674,404	1,492,869
Unit Rate (US\$/sq. m.)	3,706	3,362

The selected comparables have been collected over the past 2 quarters, encompassing a suitable timeframe that adequately reflects the prevailing market conditions as at the Valuation Date. Considering the availability of new office developments for sales in the city center of Ulaanbaatar, comparables from various districts have been chosen but they are still close to the Property. To account for the variations in locality, adjustments have been applied to reflect the differences in terms of location.

- (ii) Due adjustments to the unit rates of the adopted comparables have been considered to reflect factors including asking nature of all comparables wherein we adopted downward adjustment to reflect that asking price is negotiable. We have applied building age upward adjustment as the subject property will be newly completed. Other adjustment factors including location, provision of amenities, building quality, building age, size and view have also been considered and reflected in arriving at the adopted unit rate of about US\$2,819 per sq. m. on net floor area.
  - (iii) The average unit rate adopted in our valuation for the subject property after adjustments is at about US\$2,819 per sq. m. on net floor area and the above average unit rate adopted in our valuation is consistent with the selected comparables' unit rates reference.
  - (iv) Gross Development Value is assessed at about US\$91,300,000 with the unit rate of US\$2,819 per sq. m. on net floor area. In the Residual Method, development costs including marketing cost, legal cost, construction cost, developer profit are then deducted from the Gross Development Value to arrive at the market value of US\$29,000,000. The deducted development costs included the outstanding construction cost of approximately US\$28.4 million as verified by the independent qualified quantity surveyor as mentioned in note 5 above. Marketing cost and legal cost are reference to market practice and are estimated at about 6.5% of the Gross Development Value and is amounted to approximately US\$5.9 million. With the application of the developer profit of about 25% and discount rate at 15%, which are in line with market practice, the market value of the Property of US\$29,000,000 is arrived.
- (8) We have been provided with a legal opinion on the Property dated 17 June 2024 issued by Mahoney, the Mongolian legal adviser of the Company, which contains, inter alia, the following:
- (i) The land use rights certificate of the Property is valid, legal and enforceable under the Mongolia laws;
  - (ii) The Target Company is the sole legal land user of the Property; and
  - (iii) There is no liens, pledges nor mortgage imposed on the Property that affect the transfer of title of the Property.
- (9) The Property was inspected by Terence Yeung, *MRICS MHKIS CFA*, Associate Director, Colliers International (Hong Kong) Limited on 15 May 2024.
- (10) The valuation arrived at has not been determined by reference to comparable market transactions which is the most reliable method for valuing property assets and the most common method used for valuing properties in Hong Kong. In contrast, because of the lack of comparable market transactions in the locality in which the subject property is situated, this valuation has used the residual method which is generally acknowledged as being a less reliable valuation method. The residual method is essentially a means of valuing land by reference to its development potential by deducting costs and developer's profit from its estimated completed development value. It relies upon a series of assumptions made by us which produce an arithmetical calculation of the expected current sale value as at 31 March 2024 of a property being developed or held for development or redevelopment. Where the property is located in a relatively under-developed market (Ulaanbaatar in Mongolia), those assumptions are often based on imperfect market evidence. A range of values may be attributable to the property depending upon the assumptions made. While we have exercised our professional judgment in arriving at the value, investors are urged to consider carefully the nature of such assumptions which are disclosed in the valuation report and should exercise caution in interpreting the valuation report.

*The following is the text of a letter prepared for the purpose of incorporation in this circular received from NL Consultants Limited, an independent qualified quantity surveyor, in connection with the Property as at 31 March 2024.*



24 May 2024

Chuang's Consortium International Limited  
 25/F, Alexandra House,  
 18 Chater Road,  
 Central,  
 Hong Kong

Dear Sirs,

**International Finance Centre  
 at Sukhbaatar District, Ulaanbaatar, Mongolia**

We have been appointed by Chuang's Consortium International Limited (Chuang's) to conduct a checking and verifying of the total contract sum and the up-to-date payment status as of 31 March 2024 for the captioned project. Chuang's has provided the documents which include contract documents, agreement, quotations, payment records, etc. for checking the payment status up to 31 March 2024.

The summary of the total contract sums and the payment status up to 31 March 2024 (US\$) are as follows:

1	Total Contract Sum	:	US\$48,593,196.00
	Add		
2	Contingency	:	<u>US\$1,806,983.00</u>
3	Sub-total	:	US\$50,400,179.00
	Less		
4	Payment up to 31 March 2024	:	<u>(US\$21,950,858.00)</u>
5	Remaining Contract Sum	:	<u><u>US\$28,449,321.00</u></u>

The total contract sum and payment status up to 31 March 2024 have been checked and verified with the contract documents, agreement, quotations and payment records received by our office and are found in order. The detailed breakdown is attached in Appendix A.

Yours faithfully,  
**NL Consultants Limited**

**Nelson Lai**  
*MHKIS, MRICS*

\* *Encl.*

Remark: Please note that the professional fee of approximately US\$2.2 million which are to be checked and verified by others for the captioned project is not included in the summary above.

**International Finance Centre  
at Sukhbaatar District, Ulaanbaatar, Mongolia  
Payment status as of 31 March 2024**

## Appendix A

	<b>Contracts</b>	<b>Contract Sum</b> <i>US\$</i>	<b>Payment up to 31 March 2024</b> <i>US\$</i>	<b>Remaining Contract Sum</b> <i>US\$</i>
1	Demolition and Hoarding	33,940.00	33,940.00	0.00
2	Foundation works, Excavation and Lateral Support and pile cap works	8,124,256.00	8,124,256.00	0.00
3	Sub-structure works	1,980,000.00	1,964,661.00	15,339.00
4	Superstructure works (US\$17,381,000.00)			
	4.1 Structure	11,317,000.00	10,498,001.00	818,999.00
	4.2 External wall finishes	6,064,000.00	0.00	6,064,000.00
5	Provisional items (US\$21,074,000.00)			
	5.1 Interior fitting out	9,927,000.00	0.00	9,927,000.00
	5.2 Electrical and Mechanical works	11,147,000.00	0.00	11,147,000.00
	Sub-total	48,593,196.00	20,620,858.00	27,972,338.00
6	Contingency (US\$1,806,983.00)	476,983.00	0.00	476,983.00
	6.1 Supplemental agreement with the main contractor dated 9 November 2023	1,330,000.00	1,330,000.00	0.00
	Total	<u>50,400,179.00</u>	<u>21,950,858.00</u>	<u>28,449,321.00</u>



## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (“**Model Code**”) to be notified to the Company and the Stock Exchange, were as follows:

#### (a) *Interests in the Company*

Name of Director	Nature of interest	Number of Shares	Percentage of shareholding
Mr. Albert Chuang Ka Pun (“ <b>Mr. Albert Chuang</b> ”)	Beneficial owner	1,299,678	0.08%

#### (b) *Interests in associated corporations*

##### (i) *EHL*

Name of Director	Nature of interest	Number of shares	Percentage of shareholding
Mr. Albert Chuang	Beneficial owner	1	10.00%
Mrs. Candy Kotewall Chuang Ka Wai (“ <b>Ms. Candy Chuang</b> ”)	Beneficial owner	1	10.00%
Mr. Edwin Chuang Ka Fung	Beneficial owner	1	10.00%
Mr. Geoffrey Chuang Ka Kam	Beneficial owner	1	10.00%

(ii) *Interests in Chuang's China Investments Limited ("Chuang's China")*

Name of Director	Nature of interest	Number of shares	Percentage of shareholding
Ms. Candy Chuang	Beneficial owner	1,255,004	0.05%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

**Interests in contract or arrangement**

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group as a whole.

**Interests in assets**

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which had been, since 31 March 2023, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

**Service contracts**

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with the Company or any other member(s) of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

**Interests in other competing business**

The Company discloses that Mr. Albert Chuang, Mr. Edwin Chuang Ka Fung, Ms. Candy Chuang and Mr. Geoffrey Chuang Ka Kam hold equity interests and directorships in certain private companies which are engaged in the businesses of luxurious residential property investment in Hong Kong and securities investment and trading.

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

### 3. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, the Group is not engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

### 4. EXPERTS AND CONSENTS

The qualifications of the experts who have given their opinions in this circular are as follows:

<b>Name</b>	<b>Qualification</b>
Colliers	Professional surveyor and valuer
NL Consultants Limited	Qualified quantity surveyor

As at the Latest Practicable Date, each of the above experts had given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, advice and opinion and references to its name in the form and context in which it appeared.

As at the Latest Practicable Date, the above experts did not have any shareholding in any member of the Group or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above experts did not have any interest in any assets which have been, since 31 March 2023 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the sale and purchase agreement dated 15 June 2022 (the “**P&F Agreement**”) entered into between Sintex Nylon and Cotton Products (Pte.) Limited (“**Sintex**”), an indirect non-wholly-owned subsidiary of the Company, and Pepperl+Fuchs Asia Pte Ltd (“**P&F**”) in relation to the disposal by Sintex to P&F of the property in Singapore for a consideration of S\$21 million. On 19 June 2023, Sintex was notified by P&F that it would not continue the disposal, and thus the P&F Agreement was terminated. Details about the P&F Agreement were set out in the announcements of the Company dated 15 June 2022, 15 June 2023 and 19 June 2023 respectively;
- (b) on 11 July 2022, General Nominees Limited, an indirect wholly-owned subsidiary of the Company, acquired the new senior notes in the aggregate principal amount of about US\$50.6 million at par value issued by Easy Tactic Limited, an indirect wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd. (stock code: 2777), through the exchange of its existing senior notes of the same issuer. No cash consideration was paid by the Group under this exchange, and details about the exchange were set out in the announcement of the Company dated 11 July 2022;
- (c) the sale and purchase agreement dated 5 August 2022 entered into amongst Chuang’s China Realty Limited (“**CCR**”), a direct wholly-owned subsidiary of Chuang’s China, Amazing Time Global Limited (“**ATGL**”) and Mr. Huang Chih Shen (ATGL’s guarantor) in relation to the disposal by CCR to ATGL of the entire issued share capital of Well Land Development Limited and the entire amount of the loan owing by Well Land Development Limited to CCR for a consideration of not more than approximately RMB133 million (subject to adjustments), details of which were set out in the announcement of the Company dated 5 August 2022;
- (d) the sale and purchase agreement dated 14 October 2022 (the “**CC Agreement**”) entered into between Cedar Crystal Limited (“**Cedar Crystal**”), an indirect wholly-owned subsidiary of the Company, and Migom Investments FZE (“**Migom**”) in relation to the disposal by Cedar Crystal to Migom of a make-to-order craft for a consideration of not more than EUR17.3 million (subject to adjustments). On 8 March 2023, Migom defaulted on its obligations under the CC Agreement and thus Cedar Crystal cancelled the CC Agreement. Details about the CC Agreement were set out in the announcements of the Company dated 14 October 2022, 29 December 2022, 17 January 2023, 23 February 2023 and 8 March 2023 respectively;
- (e) the sale and purchase agreement dated 29 August 2023 (the “**Rejoice Agreement**”) entered into between Sintex and Rejoice Container Services (Pte) Ltd (“**Rejoice**”) in relation to the disposal by Sintex to Rejoice of the property in Singapore for a consideration of S\$18.0 million. On 26 March 2024, the Rejoice Agreement was

terminated as the conditions precedent were not fulfilled. Details about the Rejoice Agreement were set out in the announcements of the Company dated 29 August 2023 and 26 March 2024 respectively;

- (f) the agreement dated 5 October 2023 entered into between Lambda Tele-equipment Limited (“LTEL”), an indirect wholly-owned subsidiary of the Company, and Kingsford Limited (“KL”) in relation to the provision of an additional revolving loan facility for a maximum amount up to HK\$300 million to One Soho Finance Company Limited, a company owned as to 40% by LTEL and 60% by KL, in proportion to their respective shareholding interests and details of which were set out in the announcement of the Company dated 5 October 2023; and
- (g) the Agreement.

## 6. GENERAL

- (a) The secretary of the Company is Ms. Lee Wai Ching who is a fellow of both the Chartered Governance Institute in the United Kingdom and the Hong Kong Chartered Governance Institute.
- (b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The head office and principal place of business in Hong Kong is situated at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong.
- (c) The Company’s branch share registrar and transfer office in Hong Kong is Tricor Standard Limited, located at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) In the event of any inconsistency, the English texts of this circular shall prevail over their respective Chinese texts.

## 7. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Company’s website ([www.chuang-consortium.com](http://www.chuang-consortium.com)) and the Stock Exchange’s website ([www.hkexnews.hk](http://www.hkexnews.hk)) up to and including the date which is 14 days from the date of this circular:

- (a) the Agreement;
- (b) the valuation report prepared by Colliers, the text of which is set out in Appendix IIA to this circular;
- (c) the quantity surveyor report prepared by NL Consultants Limited, the text of which is set out in Appendix IIB to this circular;
- (d) the written consents referred to in the paragraph headed “Experts and Consents” in this appendix; and
- (e) this circular.