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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)



Chuang's China Investments Limited

(莊士中國投資有限公司)

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 298)

## **DISCLOSEABLE TRANSACTION ACQUISITION OF THE CHINA SOUTH CITY NOTES**

The Chuang's China Board and the Chuang's Consortium Board announce that on 19 July 2021, the Purchaser, an indirect wholly-owned subsidiary of Chuang's China, has acquired from the open market the China South City Notes with the principal amount of US\$3.0 million (equivalent to approximately HK\$23.3 million) at the consideration of approximately US\$3.04 million (equivalent to approximately HK\$23.6 million).

For Chuang's China, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the China South City Notes Acquisition, when aggregated with the Previous Chuang's China China South City Notes Acquisitions, exceeds 5% (but is less than 25%), the China South City Notes Acquisition constitutes a discloseable transaction for Chuang's China under the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

For Chuang's Consortium, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the China South City Notes Acquisition, when aggregated with the Previous Chuang's Consortium China South City Notes Acquisitions, exceeds 5% (but is less than 25%), the China South City Notes Acquisition constitutes a discloseable transaction for Chuang's Consortium under the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

### **INTRODUCTION**

The Chuang's China Board and the Chuang's Consortium Board announce that on 19 July 2021, the Purchaser, an indirect wholly-owned subsidiary of Chuang's China, has acquired from the open market the China South City Notes with the principal amount of US\$3.0 million (equivalent to approximately HK\$23.3 million) at the consideration of approximately US\$3.04 million (equivalent to approximately HK\$23.6 million). The date of settlement for the consideration of the China South City Notes Acquisition is on 22 July 2021.

## THE CHINA SOUTH CITY NOTES ACQUISITION

The principal terms of the China South City Notes Acquisition are summarized below:

Issuer:	China South City Holdings Limited
Principal amount:	US\$3.0 million (equivalent to approximately HK\$23.3 million)
Consideration and date of settlement:	The consideration is approximately US\$3.04 million (equivalent to approximately HK\$23.6 million), being approximately 96.25% of the principal amount of the China South City Notes and unpaid accrued interest, and the date of settlement is on 22 July 2021
Coupon:	11.5% per annum, payable semi-annually
Maturity date:	12 February 2022
Listing:	The Singapore Exchange Securities Trading Limited

The Chuang's China Group intends to fund the China South City Notes Acquisition from its internal resources and/or banking facilities.

As the China South City Notes Acquisition was conducted by the Purchaser from the open market through the Purchaser's security brokers (which are and whose beneficial owners are Independent Third Parties), the identities of the sellers of the China South City Notes cannot be ascertained. To the best of the knowledge, information and belief of the Chuang's China Board and the Chuang's Consortium Board and having made all reasonable enquiries, the sellers of the China South City Notes and their respective beneficial owners are Independent Third Parties.

In addition to the China South City Notes acquired pursuant to the China South City Notes Acquisition, the Chuang's China Group also acquired and held the Previous Chuang's China China South City Notes with maturity dates in 2022 with an aggregate principal amount of US\$5.0 million (equivalent to approximately HK\$38.8 million) at an aggregate consideration of approximately US\$5.0 million (equivalent to approximately HK\$38.6 million at book cost) subsequent to the date of the Joint Announcement. As at the date of this joint announcement, after taking into account the China South City Notes Acquisition, the Previous Chuang's China China South City Notes, and the Previous Announced Chuang's China China South City Notes, the Chuang's China Group holds an aggregate principal amount of US\$15.105 million (equivalent to approximately HK\$117.2 million) notes with maturity dates ranging from 2021 to 2022 issued by the Issuer.

In addition to the China South City Notes acquired pursuant to the China South City Notes Acquisition, the Chuang's Consortium Group also acquired and held the Previous Chuang's Consortium China South City Notes with maturity dates ranging from 2021 to 2022 with an aggregate principal amount of US\$10.0 million (equivalent to approximately HK\$77.6 million) at an aggregate consideration of approximately US\$10.0 million (equivalent to approximately HK\$77.6 million at book cost) subsequent to the date of the Joint Announcement. As at the date of this joint announcement, after taking into account the China South City Notes Acquisition, the Previous Chuang's Consortium China South City Notes, and the Previous Announced Chuang's Consortium China South City Notes, the Chuang's Consortium Group holds an aggregate principal amount of US\$24.805 million (equivalent to approximately HK\$192.5 million) notes with maturity dates ranging from 2021 to 2023 issued by the Issuer.

## **INFORMATION ON THE ISSUER**

According to the public information available to the Chuang's China Board and the Chuang's Consortium Board, the Issuer is an investment holding company listed on the Main Board of the Stock Exchange and its subsidiaries are principally engaged in property development, property investment and property management, and other businesses.

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

## **INFORMATION ON CHUANG'S CHINA, CHUANG'S CHINA GROUP AND THE PURCHASER**

Chuang's China is incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 298). Chuang's China is an indirect non-wholly-owned subsidiary of, and owned as to approximately 60.71% by, the Chuang's Consortium Group as at the date of this joint announcement.

The Chuang's China Group is principally engaged in property development, investment and trading, hotel operation and management, development and operation of cemetery, sales of goods and merchandises (including art pieces), and securities investment and trading.

The Purchaser is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of Chuang's China. The principal activities of the Purchaser are securities investment and trading.

## **INFORMATION ON CHUANG'S CONSORTIUM AND CHUANG'S CONSORTIUM GROUP**

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

The Chuang's Consortium 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.

As at the date of this joint announcement, the Chuang's Consortium Group holds approximately 60.71% of the total issued share capital of Chuang's China.

## **REASONS FOR AND BENEFITS OF THE CHINA SOUTH CITY NOTES ACQUISITION**

The China South City Notes Acquisition forms part of the investment activities of the Chuang's China Group and the Chuang's Consortium Group, which is in their ordinary and usual course of business. The Chuang's China Board and the Chuang's Consortium Board consider that the China South City Notes Acquisition will provide the Chuang's China Group and the Chuang's Consortium Group, respectively with an opportunity to enhance income for their surplus cash amidst the prevailing low interest rate environment.

As the China South City Notes Acquisition was conducted through the open market, the Chuang's China Board and the Chuang's Consortium Board are of the opinion that the terms of the China South City Notes Acquisition are fair and reasonable and on normal commercial terms, and the China South City Notes Acquisition is in the interests of Chuang's China and Chuang's Consortium and their respective shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

For Chuang's China, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the China South City Notes Acquisition, when aggregated with the Previous Chuang's China China South City Notes Acquisitions, exceeds 5% (but is less than 25%), the China South City Notes Acquisition constitutes a discloseable transaction for Chuang's China under the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

For Chuang's Consortium, as the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the China South City Notes Acquisition, when aggregated with the Previous Chuang's Consortium China South City Notes Acquisitions, exceeds 5% (but is less than 25%), the China South City Notes Acquisition constitutes a discloseable transaction for Chuang's Consortium under the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

## **DEFINITIONS**

“China South City Notes”	11.5% senior notes due February 2022 issued by the Issuer
“China South City Notes Acquisition”	the acquisition of the China South City Notes in the principal amount of US\$3.0 million (equivalent to approximately HK\$23.3 million) by the Purchaser from the open market on 19 July 2021
“Chuang's China”	Chuang's China Investments Limited (莊士中國投資有限公司), a company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 298). As at the date of this joint announcement, Chuang's China is owned as to approximately 60.71% by the Chuang's Consortium Group
“Chuang's China Board”	the board of directors of Chuang's China
“Chuang's China Group”	Chuang's China and its subsidiaries
“Chuang's Consortium”	Chuang's Consortium International Limited (莊士機構國際有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 367)
“Chuang's Consortium Board”	the board of directors of Chuang's Consortium

“Chuang’s Consortium Group”	Chuang’s Consortium and its subsidiaries, including the Chuang’s China Group
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any entity(ies) or person(s) which or who is/are not a connected person of Chuang’s China or Chuang’s Consortium within the meaning ascribed thereto under the Listing Rules
“Issuer”	China South City Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1668)
“Joint Announcement”	the joint announcement of Chuang’s China and Chuang’s Consortium dated 24 February 2021 in relation to the acquisition of senior notes issued by the Issuer
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Previous Announced Chuang’s China China South City Notes”	6.75% senior notes due September 2021 in the principal amount of US\$1.605 million (equivalent to approximately HK\$12.5 million), 11.5% senior notes due February 2022 in the principal amount of US\$3.0 million (equivalent to approximately HK\$23.3 million) and 10.875% senior notes due June 2022 in the principal amount of US\$2.5 million (equivalent to approximately HK\$19.4 million) issued by the Issuer and held by the Purchaser as announced in the Joint Announcement
“Previous Announced Chuang’s Consortium China South City Notes”	11.5% senior notes due February 2022 in the principal amount of US\$2.0 million (equivalent to approximately HK\$15.5 million) and 10.75% senior notes due April 2023 in the principal amount of US\$2.7 million (equivalent to approximately HK\$21.0 million) issued by the Issuer and held by a wholly-owned subsidiary of Chuang’s Consortium as announced in the Joint Announcement and the Previous Announced Chuang’s China China South City Notes
“Previous Chuang’s China China South City Notes”	11.5% senior notes due February 2022 in the principal amount of US\$5.0 million (equivalent to approximately HK\$38.8 million) issued by the Issuer, and acquired and held by the Purchaser subsequent to the date of the Joint Announcement

“Previous Chuang’s China China South City Notes Acquisitions”	the acquisitions of the Previous Chuang’s China China South City Notes by the Purchaser
“Previous Chuang’s Consortium China South City Notes”	11.5% senior notes due August 2021 in the principal amount of US\$3.0 million (equivalent to approximately HK\$23.3 million) and 11.5% senior notes due February 2022 in the principal amount of US\$2.0 million (equivalent to approximately HK\$15.5 million) issued by the Issuer, and acquired and held by a wholly-owned subsidiary of Chuang’s Consortium subsequent to the date of the Joint Announcement and the Previous Chuang’s China China South City Notes
“Previous Chuang’s Consortium China South City Notes Acquisitions”	the acquisitions of the Previous Chuang’s Consortium China South City Notes by a wholly-owned subsidiary of Chuang’s Consortium and the Previous Chuang’s China China South City Notes Acquisitions
“Purchaser”	Rich Joint Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Chuang’s China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

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

Hong Kong, 19 July 2021

*As at the date of this joint 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 Chuang’s Consortium, 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 Chuang’s Consortium.*

*As at the date of this joint announcement, Mr. Albert Chuang Ka Pun, Miss Ann Li Mee Sum, Mr. Edwin Chuang Ka Fung, Mr. Sunny Pang Chun Kit, Mr. Geoffrey Chuang Ka Kam and Mr. Neville Charles Kotewall are the executive directors of Chuang's China, and Mr. Dominic Lai is the non-executive director of Chuang's China, and Mr. Abraham Shek Lai Him, Mr. Andrew Fan Chun Wah, Dr. Eddy Li Sau Hung and Dr. Ng Kit Chong are the independent non-executive directors of Chuang's China.*

*Unless otherwise stated, for the purpose of illustration only, amounts denominated in US\$ in this joint announcement have been translated into HK\$ at the rate of US\$1.00 = HK\$7.76. 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.*