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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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 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 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
PROPOSED DISPOSAL OF PROPERTIES HOLDING COMPANIES**

Financial adviser to the Company

 **金融有限公司**
OCTAL Capital Limited

A letter from the board of directors of Chuang's Consortium International Limited is set out on pages 6 to 14 of this circular.

26 September 2016

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DEFINITIONS

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

“Adjustment”	adjustment which may have to be made in accordance with the terms of the SP Agreement to the Consideration
“Board”	the board of Directors
“Business Day”	means a day (other than a Saturday, a Sunday or a public holiday in the PRC or Hong Kong or a day on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in the PRC and Hong Kong are open for generally banking business in the PRC and Hong Kong throughout their normal business hours
“Chuang’s China” or “Vendor Guarantor”	Chuang’s China Investments Limited (stock code: 298), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. It is a non-wholly-owned subsidiary of, and owned as to approximately 56% by, the Group
“Chuang’s China Group”	Chuang’s China and its subsidiaries
“Chuang’s China SGM”	the special general meeting of Chuang’s China to be convened for the shareholders of Chuang’s China to consider and, if thought fit, to approve, among other matters (if any), the SP Agreement and the transactions contemplated thereunder
“Company”	Chuang’s Consortium International Limited (stock code: 367), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the SP Agreement
“Completion Date”	the date of which Completion is to take place in accordance with the terms and conditions of the SP Agreement
“Condition”	the condition precedent to the Completion as set out in the sub-section headed “The SP Agreement — 6. Condition precedent” in the letter from the Board in this circular

DEFINITIONS

“Consideration”	the consideration payable by the Purchaser to the Vendor for the Sale Shares and the Sale Loan under the SP Agreement
“Country Garden”	Country Garden Holdings Company Limited (stock code: 2007), a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares and the Sale Loan by the Vendor to the Purchaser pursuant to the terms and conditions of the SP Agreement
“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
“Inventory”	the unsold residential and commercial properties with total GFA of about 17,815 sq. m. and the 445 unsold carparking spaces of Phase I, Phase II and Phase III of the Project
“Latest Practicable Date”	22 September 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 November 2016 or, if the Condition is not satisfied on 30 November 2016, be automatically extended to 31 December 2016 or such other date as the Vendor and the Purchaser may agree in writing
“PRC”	the People’s Republic of China
“Presold Properties”	the residential units of Blocks 29 to 31 of Phase III of the Project which have been pre-sold before the SP Agreement Date that will be retained by the Vendor

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“Project”	comprising (i) the property development project known as “Chuang’s New City (莊士新都)” located at No. 8 Chuang’s Road, Shatian, Dongguan, the PRC comprising (a) administration building; (b) Phase I (Shatian Garden 沙田花園); (c) Phase II (Gold Coast 黃金海岸); and (d) Phase III (Blocks 1 to 14 and Blocks 29 to 31, Imperial Garden 濱江豪園), all of which are already developed by the Chuang’s China Group; and (ii) the Project Site
“Project Site”	comprises Phase IV of Chuang’s New City (莊士新都) located at No. 8 Chuang’s Road, Shatian, Dongguan, the PRC (Blocks 15 to 28 and Blocks 32 to 55), having an aggregate site area of approximately 151,966 sq. m. and GFA for future development of approximately 323,492.86 sq. m. (of which Blocks 15 to 20 are undergoing basement construction works)
“Public Notice No. 7 Tax”	tax payable in connection with the SP Agreement as required by 《國家稅務總局關於加強非居民企業股權轉讓所得稅管理的通知》(國稅函(2009)698號) (Notice of the State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax on Non-resident Enterprises’ Equity Transfer Income (No. 698 [2009] of the State Administration of Taxation), 《國家稅務總局關於非居民企業所得稅管理若干問題的公告》(國家稅務總局公告2011年第24號) (Announcement of the State Administration of Taxation on Several Issues Concerning the Administration of Income Tax on Non-Resident Enterprises (Announcement of the State Administration of Taxation (No. 24 [2011])) and Public Notice No. 7 issued by the State Administration of Taxation of PRC on 3 February 2015
“Purchaser”	View Glory Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of Country Garden, being the Purchaser under the SP Agreement
“Purchaser’s Guarantor”	Angel View International Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of Country Garden, being the guarantor of the Purchaser under the SP Agreement
“Remaining Group”	the Group other than the Target Group as contemplated under the SP Agreement

DEFINITIONS

“Retained Assets”	comprising (i) the administration building with GFA of about 4,166 sq. m. located in the Project; (ii) 12 residential units of Phase I (Shatian Garden 沙田花園); (iii) 4 carparking spaces of Phase II (Gold Coast 黃金海岸); and (iv) 8 motor vehicles, all currently owned by the Target Group
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	the interest-free shareholder’s loan owing by the Target Company to the Vendor as at Completion
“Sale Shares”	two (2) shares representing the entire equity interest in the Target Company
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.25 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“SP Agreement”	the conditional sale and purchase agreement dated 25 August 2016 entered into amongst the Vendor, the Purchaser, Chuang’s China and the Purchaser’s Guarantor in relation to the Disposal
“SP Agreement Date”	the date of the SP Agreement
“sq. m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Chuang’s Development (Dong Guan) Limited, a company incorporated in Hong Kong with limited liability and is directly wholly-owned by the Vendor
“Target Group”	the Target Company and its subsidiaries as at the date of the SP Agreement

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. Alan Chuang Shaw Swee (*Chairman*)
Mr. Albert Chuang Ka Pun (*Joint Managing Director*)
Mr. Chong Ka Fung (*Joint Managing Director*)
Mrs. Candy Kotewall Chuang Ka Wai
Mr. Richard Hung Ting Ho
Mr. Wong Chung Wai
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.*

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal office in Hong Kong:

25th Floor
Alexandra House
18 Chater Road
Central
Hong Kong

26 September 2016

To the Shareholders,

Dear Sir or Madam,

**MAJOR TRANSACTION
PROPOSED DISPOSAL OF PROPERTIES HOLDING COMPANIES**

INTRODUCTION

The Board announced that on 25 August 2016 (after trading hours), the Vendor (a wholly-owned subsidiary of Chuang's China), the Purchaser (a wholly-owned subsidiary of Country Garden), Chuang's China (a non-wholly-owned subsidiary the Group) and the Purchaser's Guarantor (a wholly-owned subsidiary of Country Garden) entered into the SP Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares (being the entire issued share capital of the Target Company) and the Sale Loan at an aggregate consideration of approximately RMB1,330.4 million (equivalent to approximately HK\$1,545.9 million), subject to the Adjustment.

LETTER FROM THE BOARD

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is above 25% but less than 75% for the Company, the Disposal constitutes a major transaction for the Company and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The purpose of this circular is to give you further information on the Disposal, a valuation report on the Project Site and the Inventory and other information as required under the Listing Rules.

THE SP AGREEMENT

1. Date

25 August 2016 (after trading hours)

2. Parties

The Vendor: Chuang's China Realty Limited;

The Vendor's Guarantor: Chuang's China;

The Purchaser: View Glory Enterprises Limited; and

The Purchaser's Guarantor: Angel View International Limited

The Purchaser and the Purchaser's Guarantor are companies incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, both the Purchaser and the Purchaser's Guarantor are indirect wholly-owned subsidiaries of Country Garden.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Purchaser, the Purchaser's Guarantor and their ultimate beneficial owners are third parties independent of the Company and Chuang's China and their respective connected persons (as defined in the Listing Rules); (ii) the Purchaser is principally engaged in investment holding; and (iii) the Purchaser's Guarantor is principally engaged in investment holding and rendering of property related sales services.

Chuang's China and the Purchaser's Guarantor were joined as parties to the SP Agreement to guarantee the payment performance of the Vendor and the Purchaser respectively under the SP Agreement.

3. Assets to be disposed of

Pursuant to the SP Agreement, the assets to be disposed of by the Vendor comprise the Sale Shares (being the entire issued share capital of the Target Company beneficially owned by the Vendor) and the Sale Loan (being the entire shareholder's loan owing by the Target Company to the Vendor at Completion).

LETTER FROM THE BOARD

The assets of the Target Group, at Completion, will comprise (a) the Project Site; (b) the Inventory; and (c) the remaining bank balances held in the regulated bank accounts of the Target Group arise from presale proceeds that will be released upon handover of Presold Properties to buyers (“**Regulated Fund**”). The liabilities of the Target Group, at Completion, will comprise (a) the Sale Loan; (b) the payables in relation to Phase I, Phase II and Phase III of the Project including, inter alia, the associated construction costs and selling expenses and other sundry payables (“**Other Payables**”); and (c) the tax obligation in relation to Phase I, Phase II and Phase III of the Project and the transfer of the Retained Assets out of the Target Group (“**Tax Liabilities**”).

The Vendor has conditionally agreed to sell the Sale Shares and 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.

4. Consideration and Adjustment

The Consideration under the SP Agreement is approximately RMB1,330.4 million (equivalent to approximately HK\$1,545.9 million), subject to the Adjustment, which shall be satisfied in cash by the Purchaser to the Vendor in the following manners:

- (a) RMB300 million (equivalent to approximately HK\$348.6 million), being the initial deposit of the Consideration (“**Deposit**”), has been paid upon signing of the SP Agreement; and
- (b) approximately RMB1,030.4 million (equivalent to approximately HK\$1,197.3 million), being the remaining balance of the Consideration, together with the Adjustment (if any), shall be paid on the Completion Date. The Purchaser’s Guarantor shall guarantee such obligation of the Purchaser.

Pursuant to the SP Agreement, the Vendor and the Purchaser agreed that the Adjustment will be made to the Consideration upon Completion, in the event that there are subsequent reduction to Regulated Fund of approximately RMB6.1 million (equivalent to approximately HK\$7.1 million) and payment of Other Payables of approximately RMB33.9 million (equivalent to approximately HK\$39.4 million) and Tax Liabilities of approximately RMB86.0 million (equivalent to approximately HK\$99.9 million) during the period from the SP Agreement Date up to the Completion Date (“**Period**”).

The Adjustment to the Consideration upon Completion will be calculated as follows:

(Other Payables at the SP Agreement Date – Other Payables at the Completion Date)

+ (Tax Liabilities at the SP Agreement Date – Tax Liabilities at the Completion Date)

– (Regulated Fund at the SP Agreement Date – Regulated Fund at the Completion Date)

The maximum upward Adjustment (if any) will not be more than approximately RMB63.9 million (equivalent to approximately HK\$74.3 million), representing the entire amount of Other Payables and a portion of Tax Liabilities that may be settled before Completion. The maximum

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downward Adjustment (if any) will not be more than approximately RMB6.1 million (equivalent to approximately HK\$7.1 million), representing the entire amount of Regulated Fund.

The Consideration (together with the Adjustment, if any) was arrived at after arm's length negotiations between the Vendor and the Purchaser after taking into account market prices of similar properties in nearby area and adjusting the net asset value of the Target Group at Completion for the agreed value of the Project Site at approximately RMB1,259.2 million (equivalent to approximately HK\$1,463.2 million) and the Inventory at RMB185.0 million (equivalent to approximately HK\$214.9 million). Therefore, the Consideration (together with the Adjustment, if any) is approximately equal to the agreed value of the Project Site and the Inventory plus the amount of Regulated Fund and minus the amount of Other Payables and Tax Liabilities at the Completion Date.

The Project Site and the Inventory (at completed state) was respectively valued by DTZ Cushman & Wakefield Limited, an independent valuer, as at 31 August 2016 at RMB936.0 million (equivalent to approximately HK\$1,087.6 million) and RMB182.0 million (being the aggregate of the valuation of the property held for sale and property held under development at completed state of RMB124.0 million and RMB58.0 million respectively) (equivalent to approximately HK\$211.5 million). The agreed value of the Project Site at approximately RMB1,259.2 million and the Inventory at RMB185.0 million represents respective premium of approximately 34.5% and 1.6% to the aforesaid valuation. The valuation report of the Project Site and the Inventory is shown in Appendix II to this circular.

5. Retained Assets

Pursuant to the SP Agreement, the ownership of the Retained Assets currently owned by the Target Group shall be retained by the Vendor. The Purchaser shall assist the subsidiaries of the Target Group to transfer the title of ownership of the Retained Assets to designated company(ies) of the Vendor after Completion if such Retained Assets have not been transferred out of the Target Group prior to Completion.

6. Condition precedent

Completion shall be conditional on the obtaining of all necessary approvals from the Shareholders and the shareholders of Chuang's China for the SP Agreement and the transactions contemplated thereunder and the obtaining of the necessary consent for the transactions contemplated under the SP Agreement pursuant to the Listing Rules.

As at the Latest Practicable Date, the condition precedent in relation to the obtaining of all necessary approvals from the Shareholders for the SP Agreement and the transactions contemplated thereunder has been fulfilled (please refer to the paragraph headed "Listing Rules Implications" below for further details relating to the obtaining of the approval of the Shareholders).

The Chuang's China SGM will be held on 13 October 2016 to consider and, if thought fit, to approve, among other matters (if any), the SP Agreement and the transactions contemplated thereunder. Profit Stability Investments Limited ("**Profit Stability**"), a wholly-owned

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subsidiary of the Company, has irrevocably undertaken that it will vote not less than 50% of the issued shares of Chuang's China in favour of the resolution to be proposed at the Chuang's China SGM to approve the SP Agreement and the transactions contemplated thereunder. Currently, Profit Stability owns approximately 56% interest in Chuang's China.

7. Completion

Completion shall take place on the tenth Business Day following the date on which the Condition has been satisfied (or on such other day as the Vendor and the Purchaser mutually agree in writing).

Upon Completion, the Target Group will cease to be subsidiaries of the Company and Chuang's China and, therefore, the assets, liabilities and results of the Target Group (except for those arising from the Presold Properties and the Retained Assets) will cease to be consolidated into the consolidated financial statements of the Group and the Chuang's China Group.

8. Other terms

Pursuant to the SP Agreement, it was agreed, inter alia, that:

- (a) the Vendor shall be responsible for filing the tax documents in relation to the Disposal under the SP Agreement pursuant to the Public Notice No. 7 Tax and the Purchaser shall be responsible for settlement of the relevant tax. The Purchaser's Guarantor shall guarantee such obligation of the Purchaser;
- (b) the Vendor shall be responsible for fulfillment of the handover work of the Presold Properties not later than six months after Completion;
- (c) during the Period, the Purchaser shall make advances ("**Advances**"), if required, to the Target Group for the purpose of settling the construction costs relating to Blocks 15 to 20 of the Project Site. Such Advances shall not exceed approximately RMB30.0 million (equivalent to approximately HK\$34.9 million); and
- (d) at the request of the Purchaser, the Vendor shall procure the Target Group to enter into contracts ("**Contracts**") relating to the Project Site prior to Completion. In this respect, the Purchaser shall bear all such expenditures ("**Project Site Expenses**") arising therefrom.

9. Termination

The SP Agreement may be terminated when any of the following events occurs:

- (a) if the Condition is not satisfied on or before the Long Stop Date, either the Purchaser or the Vendor may terminate the SP Agreement and, in such event, the Vendor shall return the Deposit to the designated bank account of the Purchaser in full and the Vendor's Guarantor shall guarantee such obligation of the Vendor; or

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- (b) when the Purchaser fails to fulfill its obligations under the SP Agreement to proceed with Completion, provided that the Condition has been satisfied and the Vendor has not breached the terms under the SP Agreement, the Vendor may terminate the SP Agreement immediately by informing the Purchaser in writing. In such event, the Deposit shall be forfeited upon such termination as compensation payable to the Vendor, and the Purchaser shall indemnify the Vendor against all losses arising from the Contracts. Furthermore, the Vendor is not required to refund the Advances and the Project Site Expenses (if any) to the Purchaser; or
- (c) when the Vendor fails to fulfill its obligations under the SP Agreement to proceed with Completion, provided that the Condition has been satisfied and the Purchaser has not breached the terms of the SP Agreement, the Purchaser may terminate the SP Agreement immediately by informing the Vendor in writing. In such event, the Vendor shall return the Deposit to designated bank account of the Purchaser in full and pay an amount equivalent to the amount of the Deposit to the Purchaser as compensation upon such termination and the Vendor's Guarantor shall guarantee such obligation of the Vendor.

In the case of termination under 9(a) or 9(c) above, the Vendor shall also refund the Advances and the Project Site Expenses (if any) to the Purchaser in full.

INFORMATION ON THE VENDOR, THE TARGET COMPANY, THE TARGET GROUP AND THE PROJECT

The Vendor is a company incorporated in Bermuda with limited liability and is a direct wholly-owned subsidiary of Chuang's China. The Vendor is principally engaged in investment holding.

The Target Company is incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Vendor. The Target Company is principally engaged in investment holding and owns the Project through its wholly-owned subsidiaries. Subsidiaries of the Target Company are the owners of the land use rights of the Project, the intended use of which is for commercial and residential use. In the past years, the Target Group has completed three phases of the development, namely Phase I, Phase II and Phase III (comprising Blocks 1 to 14 and the Presold Properties) of the Project with aggregate GFA of approximately 280,000 sq. m., of which most of them have been sold or pre-sold. The Phase IV (being the Project Site and is the remaining portion of the Project), having a total GFA about 323,492.86 sq. m., will have a development cycle of over 5 years to complete.

At Completion, the principal assets of the Target Group are (i) the Project Site, of which basement construction works for Blocks 15 to 20 of Phase IV are in progress; and (ii) the Inventory, comprising the unsold residential and commercial properties with total GFA of approximately 17,815 sq. m. and 445 carparking spaces of Phase I, Phase II and Phase III of the Project.

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A summary of the consolidated financial information of the Target Group for the two years ended 31 March 2016 is set out below:

	For the years ended 31 March	
	2016	2015
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Net profit before taxation and extraordinary items	12.8	70.7
Net (loss)/profit after taxation and extraordinary items	(12.1)	49.5

The consolidated net asset value of the Target Group (excluding the amount due to the Vendor of approximately HK\$510.1 million) as at 31 March 2016 amounted to approximately HK\$221.4 million.

INFORMATION ON THE GROUP AND THE CHUANG'S CHINA GROUP

The Group is principally engaged in property development, investment and trading, hotel operation and management, manufacturing, sales and trading of printed products, home finishing products, watch components and merchandises, securities investment and trading, development and operation of cemetery and information technology business.

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

FINANCIAL EFFECTS OF THE DISPOSAL ON THE GROUP

Earnings

On the basis that the Chuang's China Group is expected to record an estimated net gain from the Disposal of approximately HK\$1,243.0 million, the Group is expected to generate an estimated net gain of approximately HK\$694.0 million from the Disposal (after deducting non-controlling interests of approximately 44% and the estimated expenses of approximately HK\$2.0 million to be incurred by the Group in relation to the Disposal).

Assets and liabilities

Given that the completion of the Disposal is expected to generate an estimated net gain of approximately HK\$694.0 million to the Group, the consolidated net asset value of the Group is expected to increase by approximately HK\$687.0 million upon Completion (after taking into account the realization of exchange reserve). On the above basis, the consolidated total assets of the Group is expected to increase by approximately HK\$1,117.4 million, the consolidated total liabilities of the Group is expected to decrease by approximately HK\$111.2 million and the non-controlling interests of the Group is expected to increase by approximately HK\$541.6 million upon Completion.

LETTER FROM THE BOARD

General

Shareholders and potential investors of the Company should note that the actual financial effects of the Disposal on the Group may be different from those of the above and can only be determined at Completion.

USE OF PROCEEDS

The net cash proceeds from the Disposal to the Chuang's China Group, after deducting the estimated expenses in relation to the Disposal, will amount to approximately RMB1,298.0 million (equivalent to approximately HK\$1,508.3 million). It is currently intended that the net proceeds will be applied by the Chuang's China Group as general working capital and for business development.

REASONS FOR, AND BENEFITS OF, THE DISPOSAL

Chuang's China is a 56% subsidiary of the Group. In the past few months, the property prices in Dongguan where the Project is located are rising as driven by improved infrastructure. In this regard, the Chuang's China Group is closely evaluating the benefits of disposing the Project in order to capitalize this rising trend. Having considered the factors which include, *inter alia*, that the Disposal will (i) unlock the stored value of the Project and accelerate the return from the Project; (ii) enhance the financial position of the Chuang's China Group; (iii) generate a net gain to the Chuang's China Group; and (iv) enable the Chuang's China Group to realize cash to pursue its business development plans, which is beneficial to the long-term development of the Chuang's China Group, the Directors concur with the view of the directors of Chuang's China that the Disposal is in the interests of the shareholders of Chuang's China as a whole. Furthermore, as mentioned in the section headed "Financial effects of the Disposal on the Group" above, the Disposal is also expected to generate a net gain to the Group.

On the basis of the factors outlined above, the Directors are of the view that the terms of the SP Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is above 25% but less than 75% for the Company, the Disposal constitutes a major transaction for Company and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders has a material interest in the Disposal. Accordingly, no Shareholders 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 on 25 August 2016 from Evergain Holdings Limited ("EHL"), Hilltop Assets Limited ("HAL") and H.K. International Limited ("HKIL"), being a closely allied group of Shareholders which, as at the SP Agreement Date, held 727,629,332, 76,003,017 and

LETTER FROM THE BOARD

207,608,072 Shares respectively, representing a total of approximately 60.1% of the entire issued share capital of the Company, approving the Disposal. EHL is a company wholly-owned by Mr. Alan Chuang Shaw Swee (“**Mr. Chuang**”), the chairman and an executive director of the Company. HAL is a company wholly-owned by Mrs. Siu Chuang Siu Suen (“**Mrs. Siu**”), a sister of Mr. Chuang. The Shares held by HKIL are held on trust of which Mr. Chuang and Mrs. Siu are discretionary objects. As such, the Company is not required to convene a special general meeting for this purpose.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this circular.

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

1. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group, together with the accompanying notes, for each of the three years ended 31 March 2014, 2015 and 2016 are disclosed in the annual reports of the Company for the financial years ended 31 March 2014 (pages 71 to 155), 31 March 2015 (pages 87 to 173) and 31 March 2016 (pages 84 to 177), respectively, and are incorporated by reference into this circular.

The said annual reports of the Company are available on the Company's website at www.chuangs-consortium.com and website of the Stock Exchange at www.hkexnews.hk through the links below:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0728/LTN20160728524.pdf>

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0729/LTN20150729201.pdf>

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0728/LTN20140728566.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 August 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had aggregate outstanding borrowings of approximately HK\$4,237.5 million, comprising bank borrowings of approximately HK\$4,202.3 million of which approximately HK\$3,694.1 million was secured by fixed charges on certain assets of the Group, and unsecured borrowings from non-controlling shareholders of approximately HK\$35.2 million.

As at 31 August 2016, the Company provided a guarantee of HK\$117.0 million for the banking facility granted to a joint venture, and the Group provided guarantee of approximately HK\$959.9 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 31 August 2016, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

The Directors confirmed that there was no material adverse changes in the financial or trading position or prospects of the Group since 31 March 2016 (being the date to which the latest published audited consolidated financial statements of the Group had been made up) up to the Latest Practicable Date.

4. 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 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.

5. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

As for the property investment and development, and hotel business, the Remaining Group will continue to take steps (including implementation of upgrading works, reshuffling of tenant mix to attract higher quality tenants, improvement of quality of management services, etc.) to further enhance rental yield and return of its investment and hotel properties in Hong Kong, Malaysia, Taiwan and the PRC, and to unlock the store value of the Remaining Group's development projects in Hong Kong, the PRC, Vietnam and Mongolia by speeding up their development and sales in accordance with local market conditions.

As for the manufacturing business, the Remaining Group will continue to solidify its customer base, strengthen partnership with major customers while expanding domestic sales in the PRC. In addition, the Remaining Group will reinforce its cost saving measures so as to enhance cost efficiency.

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.

As can be seen from analysis shown in the section headed "Financial effects of the Disposal on the Group" 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. Furthermore, the completion of the Disposal would also facilitate the Chuang's China Group to look for new business opportunities, which is beneficial to the long-term development of the Remaining Group.

The following is the text of a letter, summary of valuations and valuation certificate prepared for the purpose of incorporation in this circular received from DTZ Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the Project Site and the Inventory as at 31 August 2016.



16/F
Jardine House
1 Connaught Place
Central
Hong Kong

26 September 2016

The Directors
Chuang's Consortium International Limited
25th Floor
Alexandra House
18 Chater Road
Central
Hong Kong

Dear Sirs,

Instructions, Purpose & Valuation Date

In accordance with your instructions for us to value certain property interests of Chuang's Consortium International Limited (the "**Company**") and its subsidiaries (together referred to as the "**Group**") in the People's Republic of China (the "**PRC**") (as more particularly described in the attached valuation certificate), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such property interests as at 31 August 2016 ("**valuation date**").

Definition of Market Value

Our valuations of each of the properties represent its Market Value. The definition of Market Value adopted in The HKIS Valuation Standards 2012 Edition follows the International Valuation Standards published by the International Valuation Standards Council ("**IVSC**"). Market Value is defined by the IVSC as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Valuation Basis and Assumptions

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of Hong Kong Limited, The Codes on Takeovers and Mergers issued by the Securities and Futures Commission and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the properties in the PRC, we have assumed that, unless otherwise stated, the transferable land use rights of the properties for their respective terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Group regarding the title to each of the properties and the interests of the Group in the properties. In valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals and licenses, in accordance with the information provided by the Group are set out in the notes of the respective valuation certificate.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Method of Valuation

In valuing properties in Group I, which are held by the Group for sale in the PRC, we have used the direct comparison approach assuming sale of these properties in its existing state with the benefit of vacant possession by making reference to comparables sales transactions as available in the relevant market.

In valuing properties in Group II and III, which are held by the Group under development and for future development respectively in the PRC, we have valued them on the basis that they will be developed and completed in accordance with the latest development proposals provided to us by the Group (if any). We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been or will be obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been or will be approved by the relevant authorities. In arriving at our valuations, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account

the expended construction costs as well as the costs that will be expended to complete the developments. The “market value when completed” represents our opinion of the aggregate selling prices of the development assuming that it were completed as at the valuation date.

Sources of Information

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group and its legal adviser, JunZeJun Law Offices, regarding the title to each of the properties and the interests of the Group in the properties. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificate are based on information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

Title Investigation

We have been provided with extracts of documents relating to the titles of the properties in the PRC, but no searches have been made in respect of the properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Group regarding the Group’s interests in the PRC properties.

Site Inspection

Mr. Lizheng Li of our Shenzhen office has inspected the exterior and, whenever possible, the interior of the properties in August 2016. However, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the area shown on the documents handed to us are correct.

Mr. Lizheng Li, our Shenzhen office valuer, has 5 years' experience in property valuation in the PRC.

Currency

Unless otherwise stated, all sums stated in our valuations are in Renminbi ("RMB"), the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificate.

Yours faithfully,

For and on behalf of
DTZ Cushman & Wakefield Limited
Andrew K. F. Chan

Registered Professional Surveyor (General Practice)

Registered China Real Estate Appraiser

MSc, M.H.K.I.S.

Regional Director, Valuation & Advisory Services, Greater China

Note: Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 29 years of experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

No.	Property	Market value in existing state as at 31 August 2016 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 31 August 2016 (RMB)
Group I — Property held by the Group for sale in the PRC				
1	The unsold residential units, retail units and car parking spaces of Phases II and III of Chuang's New City, Xiexi Village, Shatian Town, Dongguan, Guangdong Province, the PRC	RMB124,000,000	56	RMB69,440,000
Total of Group I		<u>RMB124,000,000</u>		<u>RMB69,440,000</u>
Group II — Property held by the Group under development in the PRC				
2	The under construction development known as Shop Nos. 1, 2, 3 and car parking spaces of Phase III of Chuang's New City, Xiexi Village, Shatian Town, Dongguan, Guangdong Province, the PRC (note)	RMB33,000,000	56	RMB18,480,000
Total of Group II		<u>RMB33,000,000</u>		<u>RMB18,480,000</u>
<i>Note:</i> The market value of this property when completed is estimated at approximately RMB58,000,000 as at 31 August 2016 (56% interest attributable to the Group: RMB32,480,000).				
Group III — Property held by the Group for future development in the PRC				
3	The development site for the proposed Phase IV of Chuang's New City, Xiexi Village, Shatian Town, Dongguan, Guangdong Province, the PRC	RMB936,000,000	56	RMB524,160,000
Total of Group III		<u>RMB936,000,000</u>		<u>RMB524,160,000</u>

VALUATION CERTIFICATE

Group I — Property held by the Group for sale in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2016										
1. The unsold residential units, retail units and car parking spaces of Phases II and III of Chuang's New City, Xiexi Village, Shatian Town, Dongguan, Guangdong Province, the PRC	<p>Chuang's New City is a residential/commercial development erected on 6 parcels of land with a total site area of 256,246.20 sq. m. and is developed in four phases, Phase I (known as Shatian Garden), Phase II (known as Gold Coast), Phase III (known as Imperial Garden) and Phase IV (for future development).</p> <p>Phase I (Shatian Garden) comprises 16 residential buildings completed in 1996.</p> <p>Phase II (Gold Coast) comprises 11 residential buildings and a club house completed in the period between 2006 and 2010.</p> <p>Phase III (Imperial Garden) comprises Blocks 1 to 8 (completed in 2010), Blocks 9 to 14 (completed in 2014) and Blocks 29 to 31 (under construction).</p> <p>Phase IV comprises the development site for future development comprising Blocks 15 to 28 and Blocks 32 to 55.</p> <p>The property comprises the unsold residential units, retail units and car parking spaces in Phase II and III of Chuang's New City and has a total gross floor area with details as follows:</p>	<p>As at the valuation date, 10 retail units with a total gross floor area of 1,788.57 sq. m. were leased and were subject to various tenancies with a total prevailing monthly rent of approximately RMB36,176. The latest expiry date of tenancies was 31 March 2022. The remaining portion of the property was vacant.</p>	<p>RMB124,000,000</p> <p>(56% interest attributable to the Group: RMB69,440,000)</p>										
	<table border="0"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq. m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>5,974.83</td> </tr> <tr> <td>Retail</td> <td>6,666.67</td> </tr> <tr> <td>Car parking spaces (286 lots)</td> <td><u>14,332.18</u></td> </tr> <tr> <td>Total</td> <td><u>26,973.68</u></td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq. m.)	Residential	5,974.83	Retail	6,666.67	Car parking spaces (286 lots)	<u>14,332.18</u>	Total	<u>26,973.68</u>		
Use	Approximate gross floor area (sq. m.)												
Residential	5,974.83												
Retail	6,666.67												
Car parking spaces (286 lots)	<u>14,332.18</u>												
Total	<u>26,973.68</u>												
	<p>The property is held with land use rights for commercial and residential uses (see Note 1).</p>												

Notes:

- (1) According to six State-owned Land Use Rights Certificates all issued by the People's Government of Guangdong Province, the land use rights of various portions of the Project known as Chuang's New City, comprising a total site area of 256,246.20 sq. m., have been vested in 香港安盈投資有限公司 (On Profit Investment Limited) ("On Profit"), 香港銀昌投資有限公司 (Silver Chase Investment Limited) ("Silver Chase") and 香港銀龍投資有限公司 (Silver Dragon Investment Limited) ("Silver Dragon") respectively with details as follows:

Certificate No.	Date of issue	Land user	Use	Expiry date of land use term	Site area (sq. m.)
(1992) 25-1	2 August 2010	On Profit	Commercial/Residential	11 November 2063	93,312.80
(1992) 25-2	2 August 2010	On Profit	Commercial/Residential	11 November 2063	10,135.20
(1992) 26-2	23 June 2010	Silver Chase	Commercial/Residential	11 November 2063	5,642.30
(1992) 26-3	17 June 2010	Silver Chase	Commercial/Residential	11 November 2063	33,844.70
(1993) 269	1 April 2016	Silver Dragon	Commercial/Residential	11 November 2063	106,945.90
(2016) 50	1 April 2016	Silver Dragon	Residential	11 November 2063	6,365.30
			Commercial	8 March 2056	
Total:					<u>256,246.20</u>

On Profit, Silver Chase and Silver Dragon are wholly-owned subsidiaries of Chuang's Development (Dong Guan) Limited (the Target Company).

- (2) According to one hundred Real Estate Title Certificates, the title of the retail portion of the property, comprising a total gross floor area of 6,666.67 sq. m., has been vested in On Profit, Silver Chase, Silver Dragon and 東莞莊士房地產開發有限公司 (Dongguan Chuang's Real Estate Development Company Limited), a wholly-owned subsidiary of Chuang's Development (Dong Guan) Limited, with a land use term due to expire on 11 November 2063 for commercial use.
- (3) According to six Completion and Acceptance Certificates for Construction Works all issued by Dongguan Housing and Town Construction Bureau, the subject development with a total gross floor area of approximately 168,377.77 sq. m. has been completed with details as follows:

Certificate No.	Date of issue	Construction project	Gross floor area (sq. m.)
441000201007190001	19 July 2010	Blocks 1 to 3 and Shopping Centre, Imperial Garden	36,348.14
441000201007190002	19 July 2010	Blocks 4 to 8 and Shopping Centre, Imperial Garden	61,171.63
441900200607240004	28 July 2006	Blocks 1 and 2 of Gold Coast	19,316.00
441900200607240002	28 July 2006	Blocks 3 and 5 of Gold Coast	17,856.00
441900200607240003	28 July 2006	Blocks 6 and 7 of Gold Coast	13,796.00
441900200607240001	28 July 2006	Blocks 8 to 12 of Gold Coast	19,890.00
Total:			<u>168,377.77</u>

- (4) According to three Hong Kong Business Registration Certificates, On Profit, Silver Chase and Silver Dragon were registered with particulars as follows:

Name of Business/Corporation	Certificate No.	Status	Date of commencement	Date of Expiry
On Profit Investment Limited (香港安盈投資有限公司)	15398143-000-11-15-9	Body Corporate	5 November 2015	4 November 2016
Silver Chase Investment Limited (香港銀昌投資有限公司)	15398169-000-12-15-0	Body Corporate	17 December 2015	16 December 2016
Silver Dragon Investment Limited (香港銀龍投資有限公司)	15398185-000-12-15-6	Body Corporate	17 December 2015	16 December 2016

- (5) We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
- (ii) On Profit, Silver Chase and Silver Dragon are the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
- (iii) On Profit, Silver Chase and Silver Dragon have the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and
- (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

- (6) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

State-owned Land Use Rights Certificates	Yes
Real Estate Title Certificates	Yes
Completion and Acceptance Certificates for Construction Works	Yes
Hong Kong Business Registration Certificates	Yes

VALUATION CERTIFICATE

Group II — Property held by the Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2016
2. The under construction development known as Shop Nos. 1, 2, 3 and car parking spaces of Phase III of Chuang's New City, Xiexi Village, Shatian Town, Dongguan, Guangdong Province, the PRC	<p>Chuang's New City is a residential/commercial development erected on 6 parcels of land with a total site area of 256,246.20 sq. m. and is developed in four phases, Phase I (known as Shatian Garden), Phase II (known as Gold Coast), Phase III (known as Imperial Garden) and Phase IV (for future development).</p> <p>Phase I (Shatian Garden) comprises 16 residential buildings completed in 1996.</p> <p>Phase II (Gold Coast) comprises 11 residential buildings and a club house completed in the period between 2006 and 2010.</p> <p>Phase III (Imperial Garden) comprises Blocks 1 to 8 (completed in 2010), Blocks 9 to 14 (completed in 2014) and Blocks 29 to 31 (under construction).</p> <p>Phase IV comprises the development site for future development comprising Blocks 15 to 28 and Blocks 32 to 55.</p> <p>The property comprises the under construction development known as Shop Nos. 1, 2, 3 and car parking spaces of Phase III of Chuang's New City and has a gross floor area with details as follows:</p>	As at the valuation date, the property was under construction.	<p>RMB33,000,000</p> <p>(56% interest attributable to the Group: RMB18,480,000)</p> <p>(The market value of the property when completed is estimated at approximately RMB58,000,000 as at 31 August 2016 (56% interest attributable to the Group: RMB32,480,000).)</p>
	Approximate gross floor area (sq. m.)	Use	
Retail	5,173.17	Car parking spaces (159 lots)	<u>5,003.90</u>
Total	<u>10,177.07</u>		
As advised by the Group, the property is scheduled to be completed in the fourth quarter of 2016.			
The property is held with land use rights for commercial and residential uses (see Note 1).			

Notes:

- (1) According to six State-owned Land Use Rights Certificates all issued by the People's Government of Guangdong Province, the land use rights of various portions of the Project known as Chuang's New City, comprising a total site area of 256,246.20 sq. m., have been vested in 香港安盈投資有限公司 (On Profit Investment Limited) ("On Profit"), 香港銀昌投資有限公司 (Silver Chase Investment Limited) ("Silver Chase") and 香港銀龍投資有限公司 (Silver Dragon Investment Limited) ("Silver Dragon") respectively with details as follows:

Certificate No.	Date of issue	Land user	Use	Expiry date of land use term	Site area (sq. m.)
(1992) 25-1	2 August 2010	On Profit	Commercial/Residential	11 November 2063	93,312.80
(1992) 25-2	2 August 2010	On Profit	Commercial/Residential	11 November 2063	10,135.20
(1992) 26-2	23 June 2010	Silver Chase	Commercial/Residential	11 November 2063	5,642.30
(1992) 26-3	17 June 2010	Silver Chase	Commercial/Residential	11 November 2063	33,844.70
(1993) 269	1 April 2016	Silver Dragon	Commercial/Residential	11 November 2063	106,945.90
(2016) 50	1 April 2016	Silver Dragon	Residential	11 November 2063	6,365.30
			Commercial	8 March 2056	
Total:					<u>256,246.20</u>

On Profit, Silver Chase and Silver Dragon are wholly-owned subsidiaries of Chuang's Development (Dong Guan) Limited (the Target Company)

- (2) According to Permit for Construction Use of Land No. 2007-12-10021 issued by Dongguan Urban Construction and Planning Bureau on 18 May 2012, the construction site of the property with a total site area of 181,984 sq. m. is in compliance with the urban planning requirements.
- (3) According to four Planning Permits for Construction Works issued by Urban and Rural Planning Bureau of Dongguan, the construction works of the development with gross floor areas of 52,850.36 sq. m. are in compliance with the construction works requirements and have been approved with details as follows:

Certificate No.	Date of issue	Project Name	Construction scale (sq. m.)
2012-12-1060	17 September 2012	Shop 2 of Imperial Garden	2,434.54
2012-12-1061	17 September 2012	Shop 3 of Imperial Garden	781.47
2014-12-1048	18 February 2014	Blocks 29, 30 and 31 and Shop 1 of Imperial Garden	44,630.45
2015-12-1017	22 December 2015	Basement of Blocks 29, 30 and 31 of Imperial Garden	5,003.90
Total			<u>52,850.36</u>

- (4) According to four Permits for Commencement of Construction Works all issued by Dongguan City Construction Bureau, the construction works of the subject property with a gross floor area of approximately 52,850.36 sq. m., are in compliance with the requirements for works commencement and have been permitted with details shown as follows:

Permit No.	Date of issue	Project Name	Gross floor area (sq. m.)
4419002013060900401	9 June 2013	Shop 2 of Imperial Garden	2,434.54
4419002013060900501	9 June 2013	Shop 3 of Imperial Garden	781.47
441900201502130301	13 February 2015	Blocks 29, 30 and 31 and Shop 1 of Imperial Garden	44,630.45
441900201603282701	28 March 2016	Basement of Blocks 29, 30 and 31 of Imperial Garden	5,003.90
Total:			<u>52,850.36</u>

- (5) As advised by the Group, the total expended construction cost for the property as at the valuation date was approximately RMB20,578,000 whilst the outstanding construction cost for completion of the property as at the valuation date was approximately RMB14,488,000. We have taken into account such amounts in our valuation.
- (6) The market value of the property when completed is estimated approximately at RMB58,000,000.
- (7) According to three Hong Kong Business Registration Certificates, On Profit, Silver Chase and Silver Dragon were registered with particulars as follows:

Name of Business/Corporation	Certificate No.	Status	Date of commencement	Date of Expiry
On Profit Investment Limited (香港安盈投資有限公司)	15398143-000-11-15-9	Body Corporate	5 November 2015	4 November 2016
Silver Chase Investment Limited (香港銀昌投資有限公司)	15398169-000-12-15-0	Body Corporate	17 December 2015	16 December 2016
Silver Dragon Investment Limited (香港銀龍投資有限公司)	15398185-000-12-15-6	Body Corporate	17 December 2015	16 December 2016

- (8) We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
 - (ii) On Profit, Silver Chase and Silver Dragon are the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
 - (iii) On Profit, Silver Chase and Silver Dragon have the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and
 - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

- (9) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

State-owned Land Use Rights Certificates	Yes
Permit for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Hong Kong Business Registration Certificates	Yes

VALUATION CERTIFICATE

Group III — Property held by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2016
3. Development site for the proposed Phase IV of Chuang's New City, Xiexi Village, Shatian Town, Dongguan, Guangdong Province, the PRC	<p>Chuang's New City is a residential/commercial development erected on 6 parcels of land with a total site area of 256,246.20 sq. m. and is developed in four phases, Phase I (known as Shatian Garden), Phase II (known as Gold Coast), Phase III (known as Imperial Garden) and Phase IV (for future development).</p> <p>Phase I (Shatian Garden) comprises 16 residential buildings completed in 1996.</p> <p>Phase II (Gold Coast) comprises 11 residential buildings and a club house completed in the period between 2006 and 2010.</p> <p>Phase III (Imperial Garden) comprises Blocks 1 to 8 (completed in 2010), Blocks 9 to 14 (completed in 2014) and Blocks 29 to 31 (under construction).</p> <p>Phase IV comprises the development site for future development comprising Blocks 15 to 28 and Blocks 32 to 55.</p> <p>As advised by the Group, the property comprises the development site for the proposed Phase IV of Chuang's New City and has a planned gross floor area of 323,492.86 sq. m..</p> <p>The property is held with land use rights for commercial and residential uses (see Note 1).</p>	As at the valuation date, portion of the property was undergoing excavation work and the remaining portion of the property was vacant land.	RMB936,000,000 (56% interest attributable to the Group: RMB524,160,000)

Notes:

- (1) According to six State-owned Land Use Rights Certificates all issued by the People's Government of Guangdong Province, the land use rights of various portions of the Project known as Chuang's New City, comprising a total site area of 256,246.20 sq. m., have been vested in 香港安盈投資有限公司 (On Profit Investment Limited) ("On Profit"), 香港銀昌投資有限公司 (Silver Chase Investment Limited) ("Silver Chase") and 香港銀龍投資有限公司 (Silver Dragon Investment Limited) ("Silver Dragon") respectively with details as follows:

Certificate No.	Date of issue	Land user	Use	Expiry date of land use term	Site area (sq. m.)
(1992) 25-1	2 August 2010	On Profit	Commercial/Residential	11 November 2063	93,312.80
(1992) 25-2	2 August 2010	On Profit	Commercial/Residential	11 November 2063	10,135.20
(1992) 26-2	23 June 2010	Silver Chase	Commercial/Residential	11 November 2063	5,642.30
(1992) 26-3	17 June 2010	Silver Chase	Commercial/Residential	11 November 2063	33,844.70
(1993) 269	1 April 2016	Silver Dragon	Commercial/Residential	11 November 2063	106,945.90
(2016) 50	1 April 2016	Silver Dragon	Residential	11 November 2063	6,365.30
			Commercial	8 March 2056	
Total:					<u>256,246.20</u>

On Profit, Silver Chase and Silver Dragon are wholly-owned subsidiaries of Chuang's Development (Dong Guan) Limited (the Target Company).

- (2) According to Permit for Construction Use of Land No. 2007-12-10021 issued by Dongguan Urban Construction and Planning Bureau on 18 May 2012, the construction site of the property with a total site area of 181,984 sq. m. is in compliance with the urban planning requirements.
- (3) According to three Planning Permits for Construction Works issued by Urban and Rural Planning Bureau of Dongguan on 22 December 2015, the construction works of the development with gross floor areas of 84,844.84 sq. m. are in compliance with the construction works requirements and have been approved with details as follows:

Certificate No.	Date of issue	Project Name	Construction scale (sq. m.)
2015-12-1013	22 December 2015	Blocks 15 and 16	27,255.26
2015-12-1014	22 December 2015	Blocks 17 and 18	27,606.41
2015-12-1015	22 December 2015	Blocks 19 and 20	29,983.17
Total			<u>84,844.84</u>

- (4) According to three Permits for Commencement of Construction Works all issued by Dongguan City Construction Bureau, the construction works of the subject property with a gross floor area of approximately 84,844.84 sq. m., are in compliance with the requirements for works commencement and have been permitted with details shown as follows:

Permit No.	Date of issue	Project Name	Gross floor area (sq. m.)
441900201603282301	28 March 2016	Blocks 15 and 16	27,255.26
441900201603282401	28 March 2016	Blocks 17 and 18	27,606.41
441900201603282501	28 March 2016	Blocks 19 and 20	29,983.17
Total:			<u>84,844.84</u>

- (5) As advised by the Group, the total expended construction cost for the property as at the valuation date was approximately RMB29,982,000. We have taken into account such amounts in our valuation.
- (6) According to three Hong Kong Business Registration Certificates, On Profit, Silver Chase and Silver Dragon were registered with particulars as follows:

Name of Business/Corporation	Certificate No.	Status	Date of commencement	Date of Expiry
On Profit Investment Limited (香港安盈投資有限公司)	15398143-000-11-15-9	Body Corporate	5 November 2015	4 November 2016
Silver Chase Investment Limited (香港銀昌投資有限公司)	15398169-000-12-15-0	Body Corporate	17 December 2015	16 December 2016
Silver Dragon Investment Limited (香港銀龍投資有限公司)	15398185-000-12-15-6	Body Corporate	17 December 2015	16 December 2016

- (7) We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
- (ii) On Profit, Silver Chase and Silver Dragon are the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
- (iii) On Profit, Silver Chase and Silver Dragon have the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and
- (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
- (8) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

State-owned Land Use Rights Certificates	Yes
Permit for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Hong Kong Business Registration Certificates	Yes

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 or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of 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 they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 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 10 to the Listing Rules (“**Model Code**”) to be notified to the Company and the Stock Exchange, were as follows:

(a) Interest in the Company

Name	Nature of interest	Number of Shares	Percentage of shareholding
Mr. Chuang	<i>Note 1</i>	940,237,404	55.87%
Mr. Albert Chuang Ka Pun (“ Mr. Albert Chuang ”)	Beneficial owner	1,299,678	0.08%

(b) Interest in Chuang’s China

Name	Nature of interest	Number of shares	Percentage of shareholding
Mr. Chuang	<i>Notes 2 & 5</i>	1,361,804,923	56.00%
Mrs. Candy Kotewall Chuang Ka Wai (“ Ms. Candy Chuang ”)	Beneficial owner	1,255,004	0.05%

(c) Interest in Midas International Holdings Limited (“Midas”)

Name	Nature of interest	Number of shares	Percentage of shareholding
Mr. Chuang	<i>Notes 3 & 5</i>	2,013,573,887	60.82%
Mr. Abraham Shek Lai Him	Beneficial owner	30,000	0.0009%

(d) Interest in Treasure Auctioneer International Limited (“Treasure”)

Name	Nature of interest	Number of shares	Percentage of shareholding
Mr. Chuang	<i>Notes 4 & 5</i>	800,000	80.00%

Notes:

- Such interests comprised 732,629,332 Shares owned by EHL, a company beneficially owned by Mr. Chuang, and the remaining interests arose as a result of Mr. Chuang being a discretionary object of a discretionary trust, the trustee of which held 207,608,072 Shares. Mr. Chuang, Mr. Albert Chuang, Mr. Chong Ka Fung and Ms. Candy Chuang are directors of EHL.
- Such interests are held by Profit Stability, a wholly-owned subsidiary of the Company.
- Such interests are held by Gold Throne Finance Limited, a wholly-owned subsidiary of the Company.
- Such interests comprised 550,000 shares in Treasure owned by a corporation beneficially owned by Mr. Chuang and 250,000 shares in Treasure beneficially owned by a wholly-owned subsidiary of Chuang’s China. Chuang’s China is a subsidiary of the Company.
- Mr. Chuang is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of the Company.

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 or 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 they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 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 of substantial Shareholders in the Company and interests of substantial shareholders in other members of the Group

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any option in respect of such capital:

(a) Long positions in the Shares

Name	Nature of interest	Number of Shares	Percentage of shareholding
EHL	Beneficial owner, <i>Note 1</i>	732,629,332	43.53%
Mrs. Chong Ho Pik Yu	<i>Note 2</i>	732,629,332	43.53%
Madam Chuang Shau Har	<i>Note 3</i>	208,353,709	12.38%
Mr. Lee Sai Wai	<i>Note 4</i>	208,353,709	12.38%

Notes:

1. EHL is beneficially owned by Mr. Chuang.
2. Such interests arose by attribution through her spouse, Mr. Chuang.
3. Interests in 207,608,072 Shares arose as a result of Madam Chuang Shau Har being the trustee and a discretionary object of a discretionary trust which owned such Shares. The remaining interests in 745,637 Shares arose by attribution through her spouse, Mr. Lee Sai Wai.
4. Interests in 207,608,072 Shares arose by attribution through his spouse, Madam Chuang Shau Har, whose interests have been mentioned in Note 3 above. The remaining interests in 745,637 Shares are beneficially owned by Mr. Lee Sai Wai.

(b) Long positions in other members of the Group

Name of non-wholly-owned subsidiary of the Company	Name of substantial shareholder	Approximate percentage held by the substantial shareholder in the subsidiary of the Company
Chuang's Edelweiss LLC	Edelweiss Hotel LLC	47%
Sintex Nylon And Cotton Products (Pte) Limited	Mr. Cheung Loon Hoi	11.8%
Chuang's Innovation Industries Limited	Decu Company	30%
Gold Capital Profits Limited	Mr. Fan Xiao Han	25%
Noble Century Investment Limited	Mr. Fan Xiao Han	20%
Hunan Han Ye Real Estate Development Company Limited* (湖南漢業房地產開發有限公司)	Miss Zhou Chang Chun	10%
Dragon Rich Investments Limited	Lawdion Investments Limited	15%
Xiamen Mingjia Binhai Resort Company Limited* (廈門銘家濱海度假村有限公司)	Xiamen Tourism Group Limited* (廈門旅遊集團有限公司)	30%
Profitable Industries Limited	China Utilities Limited	12.5%

* *English translation only*

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly interested in 10% or more of the issued voting shares of any member of the Group or had any option in respect of such capital.

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 had any interest, direct or indirect, in any assets which had been, since 31 March 2016, 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

Pursuant to Rule 8.10 of the Listing Rules, the Company discloses that Mr. Chuang holds equity interests and directorships in, and Mr. Albert Chuang, Mr. Chong Ka Fung, Ms. Candy Chuang and Mr. Richard Hung Ting Ho hold directorships in, certain private companies which are engaged in the businesses of luxurious residential property investment in Hong Kong and securities investment and trading. Mr. Richard Hung Ting Ho also holds directorship in CNT Group Limited, a company whose shares are listed on the Stock Exchange and its principal activities include property investment in Hong Kong.

Save as disclosed, 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, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

4. EXPERTS AND CONSENTS

The qualification of the experts who have given their opinions in this circular is as follows:

Name	Qualification
DTZ Cushman & Wakefield Limited ("DTZ")	Professional surveyor and valuer
JunZeJun Law Offices ("JunZeJun")	PRC legal adviser

As at the Latest Practicable Date, each of DTZ and JunZeJun had no shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group and had no direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group

or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2016, being the date to which the latest published audited financial statements of the Company were made up.

Each of DTZ and JunZeJun has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or report and/or references to its name, in the form and context in which they respectively appear.

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 21 April 2015 entered into between the Vendor, Chuang's China, Dah Hua Printing Press Company Limited ("**Dah Hua**"), a wholly-owned subsidiary of Midas, and Midas for the acquisition by the Vendor from Dah Hua the entire registered capital of Dongguan Midas Printing Company Limited* (東莞勤達印刷有限公司) for a consideration of approximately RMB101.6 million, details of which were set out in the announcement of the Company dated 21 April 2015. Both Chuang's China and Midas are non-wholly-owned subsidiaries of the Group;
- (b) the irrevocable undertaking dated 17 March 2016 granted by Profit Stability Investments Limited ("**PSIL**"), a wholly-owned subsidiary of the Company, in favour of Chuang's China under which PSIL agreed, amongst other things, to accept and subscribe for in full of its entitlement under a rights issue of Chuang's China (being 453,934,974 rights shares of Chuang's China at HK\$0.28 per Chuang's China rights share), details of which were set out in the announcement of the Company dated 17 March 2016;
- (c) the agreement dated 24 March 2016 entered into between Chuang's Credit Limited ("**CCL**"), an indirect wholly-owned subsidiary of the Company, and Ever Turbo Investment Limited ("**ETIL**") for the provision of financial assistance by CCL to ETIL in the amount of HK\$157 million for the purpose of financing ETIL to complete the acquisition of a property from the Group, details of which were set out in the announcement of the Company dated 24 March 2016;
- (d) the agreement dated 9 June 2016 entered into between Romantic Ltd ("**Romantic**"), an indirect wholly-owned subsidiary of the Company, the Company, Chen Family Assets Management Limited ("**CFAML**") and Mr. Chen Hong Tian for the disposal by Romantic to CFAML of the entire issued share capital of, and the shareholder's loan owing by, Chateau 15 Investments Limited for a consideration of HK\$2,100 million (subject to adjustments), details of which were set out in the announcement and circular of the Company dated 15 June 2016 and 20 July 2016 respectively; and
- (e) the SP Agreement.

* *English translation only*

6. GENERAL

- (a) The secretary of the Company is Ms. Lee Wai Ching who is a fellow of both the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Hong Kong Institute of Chartered Secretaries.
- (b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) In the event of any inconsistency, the English texts of the circular shall prevail over their respective Chinese texts.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong during normal business hours (Saturdays and public holidays excepted) up to and including the date which is 14 days from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the two years ended 31 March 2016;
- (c) the valuation report prepared by DTZ in relation to the Project Site and the Inventory, the text of which is set out in Appendix II to this circular;
- (d) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (e) the written consents referred to in the paragraph headed "Experts and Consents" in this appendix; and
- (f) this circular.