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

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Chuang's China Investments Limited

(莊士中國投資有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 298)

**MAJOR TRANSACTION:
ASSIGNMENT OF THE DEBT**

Financial Adviser

BALLAS
C A P I T A L

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

A letter from the Board is set out on pages 4 to 12 of this circular.

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

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DEFINITIONS

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

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| “Assignee” | 成都寰宇融城建設開發有限公司 (Chengdu Huanyu Rongcheng Construction Development Company Limited*), a company incorporated in the PRC |
| “Assignment” | the assignment of the Debt by the Assignors to the Assignee under the Debt Assignment Agreement |
| “Assignor 1” | 莊士發展(惠陽)房地產有限公司 (Chuang’s Development (Huiyang) Real Estate Company Limited*), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company |
| “Assignor 2” | 成都莊士投資諮詢服務有限公司 (Chengdu Chuang’s Investment Services Limited*), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company |
| “Assignor 3” | Chuang’s Development (Sichuan) Limited (莊士發展(四川)有限公司), a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company |
| “Assignors” | Assignor 1, Assignor 2 and Assignor 3, collectively |
| “Board” | the board of directors of the Company |
| “Chengdu Intermediate Court” | 成都市中級人民法院 (Chengdu City Intermediate People’s Court*) |
| “Chengdu Project” | the development of a vacant site in 武侯區外南紅牌樓 (Wu Hou Qu Wai Nan Hong Pai Lou*), Chengdu, the PRC, with a site area of approximately 30,000 sq. m. |
| “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 Group” | Chuang’s Consortium and its subsidiaries, including the Group |

DEFINITIONS

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| “Company” | 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 Latest Practicable Date, the Company is owned as to approximately 61.15% by Chuang’s Consortium |
| “Completion” | the completion of the Debt Assignment Agreement in accordance with its terms |
| “connected person(s)” | has the meaning ascribed to that term under the Listing Rules |
| “Consideration” | the consideration of RMB95 million (equivalent to approximately HK\$103.6 million) payable by the Assignee pursuant to the Debt Assignment Agreement |
| “Debt” | all creditor’s rights confirmed by the effective civil judgments of the Sichuan Court, the Supreme People’s Court and the Chengdu Intermediate Court against the Debtors. The Debt includes principal amounts totalling approximately RMB152.5 million (comprising investment cost, rental and advances), interest accrued and other costs, of which approximately RMB15.4 million has been recouped up to the Latest Practicable Date |
| “Debt Assignment Agreement” | the Debt Assignment Agreement dated 30 July 2025 entered into amongst the Assignors, the Assignee and the Guarantor in relation to the Assignment |
| “Debtors” | the PRC Party (the principal debtor); Party A and Party B (the joint obligators), collectively |
| “Directors” | the directors of the Company |
| “Group” | the Company and its subsidiaries |
| “Guarantor” | 鄒代強先生 (Mr. Zou Dai Qiang*) |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Latest Practicable Date” | 5 September 2025, being the latest practicable date for ascertaining certain information for inclusion in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

DEFINITIONS

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|--------------------------|--|
| “Main Board” | Main Board of the Stock Exchange |
| “Party A” | 胡先成先生 (Mr. Hu Xian Cheng*), to the best of the knowledge, information and belief of the Board, a director and a shareholder of Party B |
| “Party B” | 成都金宇控股集團有限公司 (Chengdu Jin Yu Holdings Group Limited*), a company established in the PRC and, to the best of the knowledge, information and belief of the Board, a shareholder of the PRC Party |
| “PRC” | the People’s Republic of China |
| “PRC Party” | 成都西部汽車城股份有限公司 (Chengdu Western Automobile City Company Limited*), a company incorporated in the PRC and is the PRC partner of the Chengdu Project |
| “PSL” | Profit Stability Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Chuang’s Consortium |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | ordinary share(s) of HK\$0.05 each in the issued share capital of the Company |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Sichuan Court” | 四川省高級人民法院 (Sichuan Province Higher People’s Court*) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supreme People’s Court” | 中華人民共和國最高人民法院 (Supreme People’s Court of the PRC*) |
| “%” | per cent |
| “sq. m.” | square meters |

For the purpose of illustration only and unless otherwise stated, amounts denominated in RMB in this circular have been translated into HK\$ at the rate of RMB1.00 = HK\$1.09. 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.

* English translation only

LETTER FROM THE BOARD



Chuang's China Investments Limited

(莊士中國投資有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 298)

Executive Directors:

Mr. Albert Chuang Ka Pun B.B.S., J.P. (*Chairman*)
Miss Ann Li Mee Sum (*Deputy Chairman*)
Mr. Edwin Chuang Ka Fung (*Managing Director*)
Mr. Geoffrey Chuang Ka Kam

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Non-executive Director:

Mr. Dominic Lai

Principal office in Hong Kong:

25th Floor
Alexandra House
18 Chater Road
Central
Hong Kong

Independent Non-executive Directors:

Mr. Abraham Shek Lai Him G.B.S., J.P.
(*Honorary Chairman*)
Mr. Andrew Fan Chun Wah J.P.
Dr. Ng Kit Chong M.H., J.P.

10 September 2025

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION:
ASSIGNMENT OF THE DEBT**

INTRODUCTION

Reference is made to the joint announcement of the Company and Chuang's Consortium dated 30 July 2025 (after trading hours) in relation to the Debt Assignment Agreement and the Assignment.

The Company and Chuang's Consortium jointly announced that on 30 July 2025 (after trading hours), the Assignors (each being an indirect wholly-owned subsidiary of the Company), the Assignee and the Guarantor entered into the Debt Assignment Agreement, pursuant to which the Assignors have agreed to assign, and the Assignee has agreed to accept the Assignment.

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The Debt arose from legal proceedings in the PRC regarding the Group's 51% interest in the Chengdu Project, as previously disclosed in the joint announcements of the Company and Chuang's Consortium dated 31 May 2016, 1 June 2018, 12 December 2019, 31 December 2019, and 10 February 2021, as well as the prior years' annual reports of the Company.

The Assignment constitutes a major transaction of the Company under Chapter 14 of the Listing Rules which is subject to the reporting, 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 Assignment. Accordingly, no Shareholders will be required to abstain from voting if the Company were to convene a general meeting for approving the Assignment. Pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting, Shareholders' written approval has been obtained from PSL, being a direct wholly-owned subsidiary of Chuang's Consortium which, as at the date of the Debt Assignment Agreement and the Latest Practicable Date, held 1,435,314,923 Shares, representing approximately 61.15% of the entire issued share capital of the Company, approving the Assignment.

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

DEBT ASSIGNMENT AGREEMENT

The principal terms of the Debt Assignment Agreement are as follow:

Date

30 July 2025 (after trading hours)

Parties

Assignor 1: 莊士發展(惠陽)房地產有限公司 (Chuang's Development (Huiyang) Real Estate Company Limited*);

Assignor 2: 成都莊士投資諮詢服務有限公司 (Chengdu Chuang's Investment Services Limited*); and

Assignor 3: Chuang's Development (Sichuan) Limited 莊士發展(四川)有限公司, which is the immediate holding company of Assignor 1 and Assignor 2

Assignee: 成都寰宇融城建設開發有限公司 (Chengdu Huanyu Rongcheng Construction Development Company Limited*)

Guarantor: 鄒代強先生 (Mr. Zou Dai Qiang*)

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, as at the date of the Debt Assignment Agreement, the Guarantor was a third party independent of the Debtors and did not have any agreement or arrangement with the Debtors in relation to the Assignment.

LETTER FROM THE BOARD

Assignor 1, Assignor 2 and Assignor 3 are wholly-owned subsidiaries of the Company and are parties to various joint development agreements with the PRC Party to develop the Chengdu Project. The Guarantor was joined as a party to the Debt Assignment Agreement to guarantee the performance and obligations of the Assignee under the Debt Assignment Agreement.

Subject Matter

Pursuant to the Debt Assignment Agreement, the Assignors have agreed to assign, and the Assignee has agreed to accept the Assignment (being all claims confirmed by the Sichuan Court, the Supreme People's Court and the Chengdu Intermediate Court against the Debtors).

The Debt includes principal amounts totalling approximately RMB152.5 million (comprising investment cost, rental and advances), interest accrued and other costs, of which approximately RMB15.4 million has been recouped as at the Latest Practicable Date. The Assignors participated in the various joint development agreements with the PRC Party in different stages on behalf of the Group with various fund contributed according to the fund requested throughout the prolonged timeframe. Approximately 75% and 25% of the Debt were contributed by Assignor 1 and Assignor 2 respectively. The final amount of the Debt is subject to further interest accrual until the actual date of repayment by the Debtors, if any.

Consideration and Completion

The Consideration of RMB95 million (equivalent to approximately HK\$103.6 million) was determined after arm's length negotiations between the Assignors and the Assignee, taking into account the prospects and associated risk in recovering the Debt. The carrying value of the Debt recorded in the Company's books as at 31 March 2025 was approximately RMB112.1 million (equivalent to approximately HK\$120 million based on book exchange rate). The Consideration represents a discount of approximately 15.3% to the aforesaid carrying value of the Debt.

The Consideration shall be satisfied in cash by the Assignee in the PRC in the following manner:

- (1) An amount of RMB30,000,000 (equivalent to approximately HK\$32,700,000) has already been received on the day of signing of the Debt Assignment Agreement; and
- (2) The balance of RMB65,000,000 (equivalent to approximately HK\$70,900,000) on the day falling two months from the date of signing of the Debt Assignment Agreement.

Completion of the Debt Assignment Agreement shall take place upon the delivery of the documents relating to the Debt to the Assignee which shall be made within 3 business days upon receipt of the Consideration in full by the Assignors.

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If the Assignee fails to pay the Consideration in full, or otherwise breaches the Debt Assignment Agreement and fails to remedy the breach within 15 days after written notice from the Assignors, the Assignors shall issue a written notice to terminate the Debt Assignment Agreement, and forfeit an amount of RMB19,000,000 (equivalent to approximately HK\$20,700,000) as compensation. From the date of such notice, the Assignment shall be invalid, and all rights relating to the Debt shall revert to the Assignors. Within 5 days of termination of the Debt Assignment Agreement, the Assignors shall refund to the Assignee any payment of the Consideration paid pursuant to the Debt Assignment Agreement after deducting an amount of RMB19,000,000 (equivalent to approximately HK\$20,700,000), without interest.

If the Assignors fail to perform their obligations under the Debt Assignment Agreement and fail to remedy the breach within 15 days after written notice from the Assignee, the Assignee shall issue a written notice to terminate the Debt Assignment Agreement and demand from the Assignors a compensation of RMB19,000,000 (equivalent to approximately HK\$20,700,000) and refund any payment of the Consideration paid under the Debt Assignment Agreement, without interest.

The Company has considered the ability of the Assignee to settle the Debt when structuring the Assignment and preparing the Debt Assignment Agreement. In assessing this, the Company notes that the Assignee has already made payment of RMB30 million upon signing of the Debt Assignment Agreement, which represents a substantial portion (approximately 32%) of the Consideration. The Company considers that such payment provides assurance of the Assignee's financial ability to fulfil the balance of the Consideration. Furthermore, all documents relating to the assignment of the Debt to the Assignee will only be delivered after the Assignors have received the Consideration in full. The Company therefore considers that there are sufficient safeguards in place to protect its interests in respect of the Debt.

Condition

Completion of the Debt Assignment Agreement is subject to and conditional upon the transaction contemplated by the Debt Assignment Agreement having been approved by the Shareholders in accordance with the Listing Rules.

Such Shareholders' written approval has already been obtained from PSL, a shareholder holding approximately 61.15% of the entire issued share capital of the Company. The condition of Completion has been fulfilled. Please refer to the section headed "Listing Rules Implications" below for more details.

Delivery of the Debt

Pursuant to the terms of the Debt Assignment Agreement:

- (1) The Assignors have to notify the Debtors regarding the Assignment not later than 10 business days prior to two months from the date of signing of the Debt Assignment Agreement.

LETTER FROM THE BOARD

- (2) From the date of notifying the Debtors about the Assignment, the Assignors shall suspend all execution process against the Debtors. Any repayment received by the Assignors from the Debtors can be used to set off the outstanding portion of the Consideration. If there is a surplus after the set-off, the Assignors shall pay such surplus to the Assignee without interest.
- (3) The Assignors and the Assignee should submit the materials for the change of execution applicant to the Chengdu Intermediate Court within 3 business days after the Assignors have received the full Consideration from the Assignee.
- (4) The Assignors should cooperate with and assist the Assignee to handle the changes in execution applicant and the related litigation and enforcement procedures arising from the Assignment.

INFORMATION ON THE DEBT

In September 2007, the Group entered into a joint development agreement with the PRC Party to jointly develop the Chengdu Project, in which the Group and the PRC Party would share 51% and 49% of the profits in relation to the Chengdu Project respectively.

By 2013, due to complexity of the Chengdu Project that involved resettlement, the Group won the claim at the Chengdu Intermediate Court for non-performance of the PRC Party. By 2016, the Group discussed with the PRC Party regarding the disposal of the development interest. However, the discussions have not materialized. Since then, the Group has assessed and evaluated its legal rights and procedures on unwinding the investment in the Chengdu Project.

The Group then filed a claim at the Sichuan Court against the Debtors, seeking to recoup its investment and share of project value, rental and advances. After several years of legal proceedings, a judgment from the Sichuan Court was received by the Company in December 2019, ordering the Debtors to repay the original investment cost, rental and advances (with interest). Both parties filed appeals and this led to a final judgment in favour of the Company by the Supreme People's Court which was received by the Company in early 2021. According to the final judgment, the court awarded the Company a judgment payment with the principal amounts of about RMB152.5 million (comprising investment cost, rental and advances) with interest accrued and other costs. Further details are set out in the joint announcements of the Company and Chuang's Consortium dated 31 May 2016, 1 June 2018, 12 December 2019, 31 December 2019, and 10 February 2021, as well as the prior years' annual reports of the Company.

Despite the various items as per the abovementioned judgment payment awarded to the Company by the court, the Company has only recorded the principal amount of approximately RMB152.5 million in its financial statements as the likelihood of receiving payment of the accrued interest and other costs are considered remote. Up to the Latest Practicable Date, out of the principal amounts of the Debt recorded, the Group had only recouped approximately RMB15.4 million through court enforcement, which represented only about 10% of the principal amounts. In view of the slow and uncertain recovery progress of judgment payments, the Group had made provision of about RMB25 million (with the underlying assumption to

LETTER FROM THE BOARD

amortize the whole remaining balance over 5 years) to adjust the carrying value of the Debt to approximately RMB112.1 million (equivalent to approximately HK\$120 million based on book exchange rate) as at 31 March 2025. No interest accrual has been recorded on book by the Company in view of the remote recovery.

INFORMATION ON THE ASSIGNORS, THE COMPANY AND THE GROUP

Assignor 1 is incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Its principal activities are property development and investment.

Assignor 2 is incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Its principal activities are property development and investment.

Assignor 3 is incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. It is the immediate holding company of Assignor 1 and Assignor 2. Its principal activity is investment holding.

The Company is incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 298). The Company is an indirect non-wholly-owned subsidiary of, and owned as to approximately 61.15% by, Chuang's Consortium as at the Latest Practicable Date.

The 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.

INFORMATION OF THE ASSIGNEE AND THE GUARANTOR

The Assignee is a company incorporated in the PRC. The Guarantor is 鄒代強先生 (Mr. Zou Dai Qiang*), who is the uncle of 文騫琦先生 (Mr. Wen Qian Qi*) and 韓穎女士 (Ms. Han Ying*), and the brother-in-law of 童安平先生 (Mr. Tong An Ping*) respectively, all are the shareholders of the Assignee.

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, as at the date of the Debt Assignment Agreement, (i) the Assignee is principally engaged in investment holding; (ii) the Assignee is ultimately owned as to 45.715% by 文騫琦先生 (Mr. Wen Qian Qi*), 34.285% by 韓穎女士 (Ms. Han Ying*) and 20% by 童安平先生 (Mr. Tong An Ping*); and (iii) the ultimate beneficial owners of the Assignee and the Guarantor are third parties independent of the Company and its respective connected persons.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ASSIGNMENT

The Directors considered that the Consideration, which represents a discount of approximately 15.3% to the carrying value of the Debt, is fair and reasonable after taking into account the following reasons for and benefits of the Assignment:

1. Realization of Cash from a Non-liquid Asset

- The Debt arose from a prolonged legal dispute over the Company's 51% interest in the Chengdu Project. Despite a favorable final judgment, recovery of the awarded amount remained remote.
- The Group has actively sought to collect the Debt over the past five years but has not succeeded in recovering any material amounts. In particular, the Group has applied to the Chengdu Intermediate Court to take enforcement action against the Debtors. The court made efforts to enforce the judgment, including freezing bank accounts and seizing other assets of the Debtors. Through these actions, the court paid approximately RMB15.4 million to the Group from the frozen funds. Since the seized assets of the Debtors were subject to other charges, they could not be disposed of freely, meaning they were not available for auction or sale. The court has also searched and investigated and found that there were no other executable assets belonging to the Debtors and therefore has ruled to terminate the enforcement action. This highlights the practical challenges and uncertainties in enforcing the judgment.
- Based on the search and investigation made by the Chengdu Intermediate Court as explained above, the Board believes that the PRC Party has financial difficulties and has no other assets that can be enforced and realized by the court, and thus the chance of getting recovery from it is not optimistic.
- By disposing of the Debt for RMB95 million in cash, the Group is able to immediately realize value from a non-liquid asset that might otherwise take years to recover, if at all.

2. Strengthening Financial Position and Liquidity

- The cash proceeds from the Assignment will strengthen the Group's liquidity position, provide additional working capital for its ongoing operations and enhance its financial flexibility which is particularly valuable in uncertain market conditions.

3. Focus on Core Business and Strategic Priorities

- The Assignment allows management to reallocate resources and attention from a legacy, non-core asset to areas aligned with the Group's principal activities and growth strategy.

LETTER FROM THE BOARD

In summary, the Assignment offers several clear benefits to the Company. First, it allows the Company to transform a high-risk, illiquid asset into immediate cash, albeit at a moderate discount of approximately 15%. The Directors believe such a discount is reasonable and commercially acceptable in light of the prevailing volatility and uncertainty in the PRC market environment. Second, it enables the Company to significantly reduce legal and enforcement risks, particularly given the prolonged difficulties it has already encountered in pursuing recovery through legal channels as explained above. Third, the Assignment provides a practical means to avoid the uncertainty, cost, and extended timeframe associated with debt collection proceedings, the outcome of which remains highly unpredictable. Fourth, by securing cash proceeds upfront, the Company is able to strengthen its financial position and improve overall balance sheet flexibility. Finally, it allows management to redirect resources and attention back to the Company's core business operations, after more than five years of unsuccessful efforts to recover the Debt. Thus the Directors believe the Consideration and the terms of the Debt Assignment Agreement are on normal commercial terms, fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Based on the Consideration of RMB95 million (equivalent to approximately HK\$103.6 million), the net cash proceeds from the Assignment (after deducting the related expenses) is estimated to be approximately HK\$102.9 million. Such net proceeds will improve the Group's liquidity and strengthen its financial position. The Group will utilize the net cash proceeds to replenish its working capital for general administrative expenses (such as staff costs of about HK\$63.5 million and office rental expenses and outgoings of about HK\$26.6 million).

FINANCIAL EFFECTS OF THE ASSIGNMENT

Earnings

Based on the Consideration of RMB95 million (equivalent to approximately HK\$103.6 million), taking into account the carrying value of the Debt of HK\$120 million as at 31 March 2025 and the estimated expenses related to the Assignment of about HK\$0.7 million, it is expected that the Group will record an estimated loss of about HK\$17.1 million. The actual amount of loss is subject to audit.

Assets

Upon completion of the Assignment, the Debt of about HK\$120 million will not be recorded as assets in the consolidated financial statements of the Group. The Group will record the Consideration received (net of the estimated expenses of about HK\$0.7 million) of about HK\$102.9 million in bank balance. The difference between the Debt and the increase in bank balance will be the estimated loss of about HK\$17.1 million, which will be recorded in the consolidated income statements of the Group.

LETTER FROM THE BOARD

General

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

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) regarding the Assignment is more than 25% but less than 75% for the Company, the Assignment constitutes a major transaction of the Company which is subject to the reporting, 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 Assignment. Accordingly, no Shareholders will be required to abstain from voting if the Company were to convene a general meeting for approving the Assignment. Pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting, Shareholders' written approval has been obtained from PSL, being a direct wholly-owned subsidiary of Chuang's Consortium which, as at the date of the Debt Assignment Agreement and the Latest Practicable Date, held 1,435,314,923 Shares, representing approximately 61.15% of the entire issued share capital of the Company, approving the Assignment. As such, the Company is not required to convene a special general meeting for this purpose.

RECOMMENDATION

Although no general meeting will be convened for approving the Debt Assignment Agreement, the Assignment and the transactions contemplated thereunder, the Board is of the view that the terms of the Debt Assignment Agreement are on normal commercial terms, fair and reasonable, and the Assignment is in the interests of the Company and the Shareholders as a whole. Accordingly, if a general meeting were to be convened for approving the Debt Assignment Agreement, the Assignment and transactions contemplated thereunder, the Board would recommend the Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the general meeting to approve the Debt Assignment Agreement, the Assignment and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

By order of the Board of
Chuang's China Investments Limited
Albert Chuang Ka Pun
Chairman

1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The consolidated financial statements of the Group, together with the accompanying notes, for each of the three years ended 31 March 2023, 2024 and 2025 are disclosed in the annual reports of the Company for the financial years ended 31 March 2023 (pages 102 to 192), 31 March 2024 (pages 98 to 186), 31 March 2025 (pages 100 to 186), 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.chuang-china.com and website of the Stock Exchange at www.hkexnews.hk through the links below:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0725/2023072500413.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0724/2024072400548.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0724/2025072400728.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2025, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had aggregate outstanding indebtedness of approximately HK\$246.5 million, comprising (i) bank borrowings of approximately HK\$124.5 million secured by fixed charges on certain investment properties of the Group; and (ii) unsecured borrowings from non-controlling shareholders and a joint venture of approximately HK\$50.6 million and HK\$71.4 million respectively.

As at 31 July 2025, the Group provided guarantee of approximately HK\$3.7 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 July 2025, the Group did not have any other debt securities issued and outstanding or authorized or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, lease liabilities, hire purchase commitments, guarantees or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

The Directors confirmed that there were no material adverse changes in the financial or trading position or prospects of the Group since 31 March 2025 (being the date 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 existing borrowings, the current available facilities and the effects of the Assignment contemplated under the Debt Assignment Agreement, the Group has sufficient working capital for its normal business for at least the next twelve months from the date of this circular. The Company has obtained the relevant letter as required under Rule 14.66(12).

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group continues to hold a cautious view about the global economic outlook. In the PRC, with various supportive policies including reduction in down payments and mortgage rates, and relaxation of purchase restrictions implemented by the central government, the property market has gradually stabilized and shown signs of steady recovery. In Hong Kong, with the new measures including various talent admission schemes and the relaxation of mortgage lending restrictions implemented by the Hong Kong government, as well as the interest rate reductions, it is expected that the property market will gradually recover.

As for the property development business, the Group will take appropriate strategies to monitor the sale progress of ARUNA at Ap Lei Chau in Hong Kong.

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

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

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

With the above backdrop, the Group will monitor the situation closely and will take appropriate steps to preserve the Group's competitiveness and grasp opportunities ahead. The Group will continue to optimize its operations and will also continue to identify opportunities to enhance its cash resources and maximize return for its Shareholders.

As explained in the sections headed "Reasons for and benefits of the Assignment", "Use of Proceeds" and "Financial Effects of the Assignment" in the letter from the Board, the financial position of the Group would be improved following Completion, which is beneficial to the long-term development of the Group. The net cash proceeds from the Assignment will strengthen the financial position of the Group, replenish its working capital and improve its liquidity.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Interests of Directors

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

Interests in associated corporations

(i) Evergain Holdings Limited

| Name of Director | Nature of interest | Number of shares | Percentage of shareholding |
|--|--------------------|------------------|----------------------------|
| Mr. Albert Chuang Ka Pun (“ Mr. Albert Chuang ”) | Beneficial owner | 1 | 10.00% |
| Mr. Edwin Chuang Ka Fung | Beneficial owner | 1 | 10.00% |
| Mr. Geoffrey Chuang Ka Kam | Beneficial owner | 1 | 10.00% |

(ii) Chuang’s Consortium

| Name of Director | Nature of interest | Number of shares | Percentage of shareholding |
|-------------------|--------------------|------------------|----------------------------|
| Mr. Albert Chuang | Beneficial owner | 1,299,678 | 0.08% |

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

Interests in contract or arrangement

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

Interests in assets

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which had been, since 31 March 2025, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Service contracts

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

Interests in other competing business

The Company discloses that Mr. Albert Chuang, Mr. Edwin Chuang Ka Fung and Mr. Geoffrey Chuang Ka Kam held directorships in Chuang's Consortium and held equity interests and directorships in certain private companies which are engaged in the businesses of property development and investment in Hong Kong and securities investment and trading. Miss Ann Li Mee Sum is also a director of Chuang's Consortium.

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

3. LITIGATION

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

4. MATERIAL CONTRACT

The Debt Assignment Agreement is the only material contract (not being contracts entered into in the ordinary course of business of the Group) that had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and is or may be material.

5. GENERAL

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

6. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Company's website (www.chuangsh-china.com) and the Stock Exchange's website (www.hkexnews.hk) up to and including the date which is 14 days from the date of this circular:

- (a) the Debt Assignment Agreement; and
- (b) this circular.