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If you have sold all your shares in Chuang's Consortium International Limited, you should at once hand this circular and the accompanying 2014 Annual Report and proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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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)

*Directors:*

Mr. Alan Chuang Shaw Swee (*Chairman*)  
Mrs. Alice Siu Chuang Siu Suen (*Vice-Chairman*)  
Mr. Ko Sheung Chi (*Managing Director*)  
Mr. Albert Chuang Ka Pun  
Miss Candy Chuang Ka Wai  
Mr. Chong Ka Fung  
Mr. Lui Lop Kay  
Mr. Wong Chung Wai  
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.\*

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal Office in Hong Kong:*

25th Floor, Alexandra House  
18 Chater Road, Central  
Hong Kong

\* *Independent non-executive directors*

29th July, 2014

*To the shareholders,*

Dear Sir or Madam,

### **PROPOSALS INVOLVING RE-ELECTION OF RETIRING DIRECTORS AND GRANT OF GENERAL MANDATE TO REPURCHASE SHARES**

#### **1. INTRODUCTION**

It is proposed that at the annual general meeting (the "Annual General Meeting") of Chuang's Consortium International Limited (the "Company", together with its subsidiaries, the "Group") to be held on Friday, 19th September, 2014 at Chater Room, 2nd Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong, inter alia, resolutions will be proposed (i) to

re-elect the retiring directors as directors of the Company (the “Director(s)”) and (ii) to grant to the board of directors (the “Board”) of the Company a general mandate to repurchase shares of HK\$0.25 each (the “Shares”) of the Company. This circular gives the information reasonably necessary to enable shareholders of the Company (the “Shareholder(s)”) to make an informed decision on whether to vote for or against the above resolutions. The Board has confirmed that having made all reasonable enquiries, no Shareholder is required to abstain from voting on any of the proposed resolutions under Rule 2.17 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## **2. PROPOSED DIRECTORS FOR RE-ELECTION**

In accordance with Bye-law no. 87(2) of the Bye-laws of the Company and Appendix 14 of the Listing Rules, four Directors, Mr. Ko Sheung Chi, Mr. Wong Chung Wai, Mr. Abraham Shek Lai Him and Mr. Fong Shing Kwong will retire at the Annual General Meeting and, being eligible, will offer themselves for re-election at the Annual General Meeting.

**Mr. Abraham Shek Lai Him** (“Mr. Shek”) has been an independent non-executive Director of the Company since May 2004. Mr. Shek has not engaged in any executive management of the Group since his appointment and the Company has received from Mr. Shek the confirmation of independence according to Rule 3.13 of the Listing Rules on the Stock Exchange. Taking into consideration of his independent scope of work in the past years, the Directors consider Mr. Shek is to be independent under the Listing Rules despite the fact that he has served the Company for more than nine years. The Board believes that Mr. Shek’s continued tenure brings considerable stability to the Board and the Board has benefited greatly from the presence of Mr. Shek who has over time contributed valuable insight into the Group.

Set out below are the details of the four Directors proposed to be re-elected:

**Mr. Ko Sheung Chi** (“Mr. Ko”) (aged 58), the managing Director and the chairman of the corporate governance committee of the Company, has over 34 years of experience in general management. He is a non-executive director of CNT Group Limited, which is listed on the Stock Exchange. He holds a bachelor degree in science and a master degree in business administration and is an associate member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in 1988 and is a director of various subsidiaries of the Company being responsible for the overall management of these subsidiaries. He also holds directorships in certain private companies beneficially owned by Mr. Alan Chuang Shaw Swee (“Mr. Alan Chuang”), the controlling shareholder and the Chairman of the Company.

**Mr. Wong Chung Wai** (“Mr. Wong”) (aged 45), an executive Director of the Company, has over 22 years of experience in architecture, project management and contract administration. He is also an executive director of Chuang’s China Investments Limited (“Chuang’s China”), a subsidiary of the Company listed on the Stock Exchange. He holds a bachelor degree of science in building technology and management and is an associate member of both the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors. He joined the Group in 2001 and is a director of certain subsidiaries of the Company being responsible for the overall management of these subsidiaries.

Mr. Shek G.B.S., J.P., (aged 69), was appointed an independent non-executive Director of the Company in 2004 and subsequently appointed as the chairman of each of the audit committee, the nomination committee and the remuneration committee of the Company in March 2013. He is currently a member of the Legislative Council for the Hong Kong Special Administrative Region, the Court of The Hong Kong University of Science & Technology, the Court and the Council of The University of Hong Kong and the vice chairman of Independent Police Complaints Council. He holds a Bachelor degree of Arts. He is also the chairman and an independent non-executive director of Chuang's China, and an independent non-executive director of Midas International Holdings Limited ("Midas"), Paliburg Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, ITC Corporation Limited, Country Garden Holdings Company Limited, Hop Hing Group Holdings Limited, MTR Corporation Limited, SJM Holdings Limited, Dorsett Hospitality International Limited, ITC Properties Group Limited, China Resources Cement Holdings Limited, Lai Fung Holdings Limited and Cosmopolitan International Holdings Limited, all are listed on the Stock Exchange, and a director of The Hong Kong Mortgage Corporation Limited. Mr. Shek is also an independent non-executive director of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust, and Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust, both trusts are listed on the Stock Exchange. As at 21st July, 2014 (the "Latest Practicable Date"), Mr. Shek was interested in 30,000 shares in Midas, a subsidiary of the Company. During the last three years, he had been an independent non-executive director of Hsin Chong Construction Group Ltd. and Titan Petrochemicals Group Limited ("Titan"), the shares of which are listed on the Stock Exchange.

As informed by Mr. Shek and announced by the Company on 3rd September, 2012 and 12th November, 2013 for update of his information pursuant to Rule 13.51(2)(1) of the Listing Rules, the Bermuda Court ordered the appointment of the joint provisional liquidators to Titan on 18th October, 2013. According to the 2013 Annual Report of Titan, the principal activities of Titan and its subsidiaries are the provision of logistic services, supply of oil products and provision of bunker refueling services and shipbuilding (including ship repairing). Mr. Shek confirmed that according to his understanding when he acted as an independent non-executive director of Titan that the appointment of the joint provisional liquidators was in relation to an application made by KTL Camden Inc. ("Camden") to the Bermuda Court on 6th August, 2013 in connection with its claim that Titan Storage Limited, a subsidiary of Titan, failed to pay certain hiring charges to Camden pursuant to a bareboat charter party contract and that Titan was liable to Camden for such hiring charges plus interest thereon in the sum of approximately US\$6,853,032 (up to 16th April, 2013) pursuant to a deed of guarantee issued by Titan in favour of Camden. Apart from the information set out above and the relevant announcements and public documents published by Titan, Mr. Shek, as a past director of Titan since 27th February 2014, confirmed that he has no knowledge of the possible outcome of the relevant proceeding.

**Mr. Fong Shing Kwong** ("Mr. Fong") (aged 66), was appointed as an independent non-executive Director of the Company in 2008. Mr. Fong has over 36 years of experience in the hospitality industry and has extensive experience in property development, asset and facility management and investment business in the People's Republic of China. He is an executive director of New World China Land Limited, a company listed on the Stock Exchange.

Both of Mr. Ko and Mr. Wong have no service contract nor any specified length or proposed length of service with the Company. The annual remuneration for Mr. Ko is HK\$3,037,500 and for Mr. Wong is HK\$2,305,500. The respective amounts include the Director's fee, salary, the retirement scheme contribution and other benefits and were determined by the Board by reference to their duties and experience as well as the prevailing market conditions.

Each of Mr. Shek and Mr. Fong has a service contract with the Company for a term of 3 years subject to re-election. The Directors' fee entitled by each of Mr. Shek and Mr. Fong is HK\$100,000 per annum, is subject to adjustment as appropriate to be determined by the Board by reference to the Director's duties and experience as well as the related payments made by the Company in previous years.

All the Directors mentioned above are subject to retirement by rotation and re-election at least once every 3 years pursuant to Appendix 14 of the Listing Rules and the Bye-laws of the Company.

Except mentioned above, all Directors subject to re-election have no interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance, no relationship with any other Directors, senior management, substantial or controlling Shareholders and no further information to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules, and there is no matter that needs to be brought to the attention of the Shareholders.

### **3. GENERAL MANDATE TO REPURCHASE SHARES**

At the Annual General Meeting, inter alia, an ordinary resolution will be proposed that the Board be given a general mandate to exercise all powers of the Company to repurchase issued and fully paid Shares of the Company. Under such mandate, the number of Shares that the Company may repurchase shall not exceed 10 per cent. of the share capital of the Company in issue on the date of the passing of the resolution.

An explanatory statement to provide the Shareholders with all the information reasonably necessary for them to make an informed decision in relation to this proposed resolution as required by the Listing Rules concerning the regulation of repurchases by companies of their own securities on the Stock Exchange is set out below.

As at the Latest Practicable Date, there were in issue an aggregate of 1,722,060,190 Shares. Exercising in full of the mandate, if so approved, on the basis that no further Shares shall be issued and repurchased prior to the date of the Annual General Meeting, could accordingly result in up to 172,206,019 Shares being repurchased by the Company. The mandate allows the Company to make or agree to make repurchases only during the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company, (ii) the date by which the next annual general meeting of the Company is required to be held by the Bye-laws of the Company or any applicable law or (iii) the revocation or variation of authority given under the ordinary resolution of the Shareholders in general meeting of the Company.

## **Reasons for Repurchases**

The Board has no present intention to repurchase any Shares but considers that the mandate will provide the Company with the flexibility to make such repurchases when appropriate and is beneficial to the Company. Such repurchases may enhance the net asset value per Share and/or earnings per Share. As compared with the financial position of the Company as at 31st March, 2014 (being the date of the latest published audited accounts of the Company), the Board considers that there may be adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed repurchase period. However, the Board does not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which in the opinion of the Board are from time to time appropriate for the Company.

## **Funding of Repurchases**

The Company is empowered by its Memorandum of Association of the Company (the “Memorandum of Association”) and Bye-laws to repurchase its Shares and in repurchasing Shares, may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-laws and the laws of Bermuda. Bermuda law provides that the amount of capital paid in connection with the share repurchases may only be paid out of either the capital paid up on the shares to be repurchased, the funds of the company otherwise available for distribution or the proceeds of a new issue of shares made for the purpose. The amount of premium payable on redemption may only be paid out of the funds of the Company otherwise available for dividend or distribution or out of the share premium or contributed surplus accounts of the Company. In accordance with the Listing Rules, the listing of all Shares which are repurchased by the Company (whether on the Stock Exchange or otherwise) shall be automatically cancelled upon repurchase and the Company would apply for listing of any further issue of Shares in the normal way.

Assuming that there is no further issue of Shares between the Latest Practicable Date and the date of repurchase, the exercise of the general mandate to repurchase Shares whether in whole or in part will not result in less than 25 per cent. of the issued share capital of the Company being held by the public as required by Rule 8.08 of the Listing Rules.

## **Directors, their associates and connected persons**

None of the Directors nor, to the best of the knowledge of the Board having made all reasonable enquiries, any of their associates has any present intention, in the event that the proposal is approved by the Shareholders, to sell Shares to the Company or its subsidiaries.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has a present intention to sell Shares to the Company or its subsidiaries nor has he/she undertaken not to sell any of the Shares held by him/her to the Company or its subsidiaries in the event that the Company is authorised to make repurchases of Shares.

### **Undertaking of the Board**

The Board has undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the Listing Rules, the laws of Bermuda and in accordance with the regulations set out in the Memorandum of Association and Bye-laws.

### **Effect of takeovers code**

If, as a result of a share repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Codes on Takeovers and Mergers ("Takeovers Code") and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a mandatory offer for Shares under Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Alan Chuang and Mrs. Alice Siu Chuang Siu Suen ("Mrs. Siu"), both of whom are Directors, through certain companies beneficially owned by either Mr. Alan Chuang or Mrs. Siu and a family trust (of which Mr. Alan Chuang and Mrs. Siu are (inter alia) discretionary objects) were interested in 1,000,240,421 Shares, representing approximately 58.08 per cent. of the issued share capital of the Company. In the event that the Board were to exercise in full of the power to repurchase Shares which is to be granted pursuant to the proposed resolution, the shareholding of the said Directors and their family trust would increase to approximately 64.54 per cent. of the issued share capital of the Company. Such increase would not give rise to an obligation to make a mandatory offer under the Takeovers Code.

### **Shares repurchase made by the Company**

The Company has not purchased any of its securities (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

During each of the twelve months from July 2013 up to and including the Latest Practicable Date, the highest and lowest traded prices for the Shares on the Stock Exchange were as follows:

<b>Month</b>	<b>Shares</b>	
	<b>Traded Price (HK\$)</b>	
	<b>Highest</b>	<b>Lowest</b>
July 2013	0.97	0.90
August 2013	0.94	0.90
September 2013	1.00	0.91
October 2013	1.01	0.94
November 2013	1.03	0.96
December 2013	1.16	0.98
January 2014	1.11	1.03
February 2014	1.05	0.99
March 2014	1.00	0.92
April 2014	0.98	0.92
May 2014	0.95	0.92
June 2014	0.99	0.93
July 2014 (up to and including the Latest Practicable Date)	0.99	0.95

#### **4. 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 misleading.

#### **5. ACTION TO BE TAKEN**

A proxy form for use at the Annual General Meeting is enclosed in the annual report of the Company for the year ended 31st March, 2014 despatched together with this circular. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the said proxy form and return it to the Company's principal office in Hong Kong at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the Annual General Meeting if you so desire.

#### **6. VOTING AT THE ANNUAL GENERAL MEETING**

Pursuant to Bye-law no. 66 of the Company and Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted by a show of hands.

## 7. RECOMMENDATION

The Board believes that the re-election of the retiring Directors and the grant of general mandate for the Board to repurchase Shares are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the proposed resolutions set out in the notice of the Annual General Meeting.

Yours faithfully,  
For and on behalf of  
**Chuang's Consortium International Limited**  
**Ko Sheung Chi**  
*Managing Director*