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## **ZHONGZHENG INTERNATIONAL COMPANY LIMITED**

### **中證國際有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 943)**

**(1) RESUMPTION GUIDANCE;  
(2) QUARTERLY UPDATE ON SUSPENSION OF TRADING;  
(3) FURTHER DELAY IN PUBLICATION OF  
AUDITED ANNUAL RESULTS ANNOUNCEMENT  
FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2022;  
AND  
(4) CONTINUED SUSPENSION OF TRADING**

This announcement is made by Zhongzheng International Company Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 and 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to (i) the announcement of the Company dated 3 October 2022 in relation to, among others, the delay in publication of the audited annual results for the eighteen months ended 30 June 2022 and the suspension of trading in the securities of the Company; (ii) the announcement of the Company dated 7 October 2022 in relation to the date of board meeting; (iii) the announcement of the Company dated 19 October 2022 in relation to the publication of the unaudited annual results for the eighteen months ended 30 June 2022 of the Company; and (iv) the announcement of the Company dated 30 November 2022 in relation to, among others, the further delay in publication of the 2022 Audited Annual Results (collectively, the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement have the same meanings as those defined in the Announcements.

## RESUMPTION GUIDANCE

On 20 January 2023, the Company received a letter (the “**Letter**”) from the Stock Exchange setting out the guidance for the resumption of trading in the shares of the Company (the “**Resumption Guidance**”) as follows:

- (a) publish all outstanding financial results required under the Listing Rules and address any audit modifications (if any);
- (b) demonstrate the Company’s compliance with Rule 13.24; and
- (c) announce all material information for the Company’s shareholders and investors to appraise the Company’s position.

The Stock Exchange requires the Company to meet the Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange’s satisfaction before trading in its shares is allowed to resume. For this purpose, the Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange further indicated in the Letter that it may modify or supplement the Resumption Guidance if the Company’s situation changes.

Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 2 April 2024. If the Company fails to remedy the issues causing its trading suspension, fulfill the resumption guidance and fully comply with the Listing Rules to the Stock Exchange’s satisfaction and resume trading in its shares by 2 April 2024, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company’s listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

While trading is suspended, the Company is also reminded of its obligations under the Rules including but not limited to, the following:

- (a) keep the duration of any trading suspension to the shortest possible period as required under Rule 6.05;
- (b) comply with its continuing obligations under the Rules at all times, for example, those applying to notifiable and/or connected transactions under Chapters 14 and 14A of the Listing Rules and publication of periodic financial results and reports and, if they are not available, management accounts under Rules 13.46 to 13.49;
- (c) announce inside information required to be disclosed under Part XIVA of the Securities and Futures Ordinance; and

- (d) announce quarterly updates on its developments under Rule 13.24A including, among other relevant matters, its business operations, its resumption plan, the progress of implementing its resumption plan, and any material changes to the resumption plan. The first quarterly update will be announced on or before 27 January 2023 and further quarterly updates will be announced every 3 months from 3 January 2023 until the resumption or cancellation of listing (whichever is earlier).

The Company is taking appropriate steps to comply with the Resumption Guidance and will seek to resume trading of its shares as soon as possible. The Company will keep its shareholders and potential investors informed of the latest progress as and when appropriate and will announce quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules.

## **QUARTERLY UPDATE ON RESUMPTION PROGRESS**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide the shareholders and potential investors of the Company with the following updates on the latest resumption progress as at the date of this announcement.

### **Business updates**

The Company is an investment holding company. The principal operating segments engaged by the Group comprise the manufacturing and trading of healthcare and household products, money lending business, coal mining business, primary land development and property development in the PRC.

To the best knowledge of the Directors, as of the date of this announcement, the day-to-day operations of the Group are continuing as usual in all material aspects, and have not been affected by the delay in publication of the outstanding financial results and the suspension of trading in the shares of the Company on the Stock Exchange.

### **Potential Audit Issues**

During the course of audit of the consolidated financial statements of the Group for the eighteen months ended 30 June 2022, the Auditor had raised issues on (a) the recoverability of an outstanding other receivables of HK\$87.9 million; and (b) the validity of coal mining license and the estimation of the fair value thereof. The potential audit issues are more particularly discussed below.

#### ***(a) Recoverability of an outstanding other receivable of HK\$87.9 million***

As disclosed in the announcement of the Company dated 31 May 2019, Access Sino Investments Limited (as vendor) (“**Access Sino**”), a wholly-owned subsidiary of the Company, Joyful Treasure Enterprises Limited (as purchaser) (“**Joyful Treasure**”), and Mr. Wong Ching Ka (as guarantor) has entered into an agreement in respect of the disposal of the entire equity interest in Ample One Limited by Access Sino (the “**AOL Disposal**”) at a cash consideration of HK\$166.4 million.

Completion of the AOL Disposal took place on 25 July 2019 and Joyful Treasure has paid HK\$80 million to Access Sino on that date. The remaining balance of the consideration of HK\$86.4 million shall be paid by Joyful Treasure in four installments with the last installment of HK\$20.4 million due on 25 July 2021. However, as disclosed in the announcement of the Company dated 1 February 2021, Joyful Treasure had not paid the first three installments referred to above (in a total of HK\$66 million). In the circumstance, the Company had extended the payment of the first three installments to 25 July 2021 which fell on the same date for payment of the last installment.

As at 30 June 2022, the outstanding principal amount of the outstanding consideration and the accrued interest thereof amounted to approximately HK\$87.9 million (the “**Other Receivable**”). As at the date of this announcement, Joyful Treasure has not settled any or part of the Other Receivable.

Except for the payment of HK\$5 million in August 2021 by Joyful Treasure for the interest payment, Joyful Treasure had not repaid any of the Other Receivable. The Company has made repeated demands for repayment to Joyful Treasure including instructing its legal adviser to commence legal procedures to enforce the repayment demand process. Joyful Treasure has proposed to reach a settlement plan with the Company together with the guarantor. Up to the date of this announcement, no settlement plan to the satisfaction of the Company has been reached by the parties.

The Auditor had raised the issue on the recoverability of the Other Receivable. Unless an enforceable settlement plan could be reached between the parties, the Company has indicated that it would proceed to legal proceedings to recover the amount. However, in the case that legal actions are to be taken, the Auditor are of the preliminary view that the outcome of the legal actions are uncertain and it would be impracticable to assess the recoverability of the Other Receivable, and to be satisfied with the amount of relevant estimated credit loss associated with the Other Receivable. On this basis, it would be likely that the audit opinion in respect of the 2022 Audited Annual Results would be qualified in this respect. As the parties are still negotiating on a settlement plan (if any), this issue remains unresolved as at the date of this announcement.

Regarding this issue, the Company is currently liaising with Joyful Treasure for a settlement plan in respect of the Other Receivable. While the terms of the settlement plan are still under negotiation, the Company intends to make a decision on whether to proceed with a settlement plan with the counterparty or to commence legal enforcement of the Other Receivable shortly. To this end, it is expected that with the final decision, the Company will be able to determine the amount of the estimated credit loss related to the Other Receivable (if relevant). Appropriate disclosures and compliances will be made by the Company where necessary in accordance with the Listing Rules. Regarding this, the Company has discussed with the Auditor about the status and believe such plan would address this issue.

**(b) *Validity of coal mining license and the estimation of the fair value thereof***

As disclosed in the announcement of the Company dated 26 April 2022, PT Bara Utama Persada Raya (a 99.98%-owned subsidiary of the Company) (“**PT Bara**”), holds a mining license (the “**Mining License**”) of a coal mine (“**PT Bara Mine**”) in the Central Kalimantan Province in the Republic of Indonesia. The unaudited carrying value of the exploration and evaluation assets in respect of the PT Bara Mine amounted to approximately HK\$107.97 million as at 30 June 2022. On 22 April 2022, PT Bara was notified by the Indonesian Government that the Mining License has been revoked and declared invalid with effect from the same date.

The Company was given to understand that the revocation of the Mining License was not on PT Bara alone, but a vast number of local coal mining license holders were also subject to the same government acts. Similar to many affected license owners, PT Bara has been using its best endeavors to negotiate with the relevant authorities in respect of the incident with a view to reinstating the Mining License. In June 2022, the Company submitted the application for the reinstatement of the Mining License to the relevant authorities. So far the Company has clarified all the enquiries and satisfied all the conditions raised by the relevant authorities including provision of mining documents and settlement of taxes and dues. In light of the fact that some revoked licenses have been re-instated subsequently, the Company is confident of a successful outcome of its application, however the Company has been advised by its legal adviser that it is uncertain when the decision of the relevant authorities will be made anytime sooner.

In the circumstances, because of the uncertainty of the validity of the Mining License and therefore the fair value associated therewith, it is likely that the Auditor will issue a qualified opinion regarding ownership and book value of the mining rights.

Regarding this issue, as of the date of this announcement, the Company has yet to receive the decision from the relevant authorities. If the decision is not received by the Company by the close of the audit, the Auditor indicated that a qualified opinion in respect of this issue will be issued. If the decision (whether it will be favourable or not) is received by the Company prior to the close of the audit, the Company will be in a position to ascertain the validity and the book value of the Mining License and therefore address this audit issue. Regarding this, the Company has discussed with the Auditor about the status and believe the above arrangement plan would address this issue.

### **Further delay in publication of outstanding financial results**

As disclosed in the announcements of the Company dated 3 October 2022 and 30 November 2022, the publication of the 2022 Audited Annual Results has been delayed, mainly due to the travel and quarantine restrictions in the PRC resulted from the pandemic which affected the performance of the audit procedures. It was estimated that the 2022 Audited Annual Results will be published on or before 31 January 2023.

As at the date of this announcement, the Board would like to inform the shareholders and potential investors of the company that in view of the latest audit progress, it is expected the audited consolidated financial statements of the Group will be published by the Company on or before 28 February 2023.

### **CONTINUED SUSPENSION OF TRADING**

Trading in the shares of the Company on the Stock Exchange has been suspended with effect 9:00 a.m. on 3 October 2022 pending publication of the 2022 Audited Annual Results, and is currently expected to remain suspended until the Company fulfills the Resumption Guidance.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Zhongzheng International Company Limited**  
**Liu Liyang**  
*Executive Director*

Hong Kong, 27 January 2023

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Leung Chung Shan, Mr. Tam Lup Wai, Franky, Mr. Liu Liyang and Mr. Qiu Qing; one non-executive Director, namely Mr. Lim Kim Chai, J.P.; and three independent non-executive Directors, namely Mr. Hau Chi Kit, Mr. Leung Chi Hung and Mr. Li Hon Kuen.*