

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ZHONGCHANG INTERNATIONAL HOLDINGS GROUP LIMITED

中昌國際控股集團有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 859)

**MAJOR TRANSACTION
IN RELATION TO
THE ACQUISITION OF A LAND PARCEL IN HANGZHOU**

INTRODUCTION

The Board is pleased to announce that, on 24 June 2019, Hangzhou Minglun received a notification from Lin'an Resources Bureau confirming that it has succeeded in the bid for the acquisition of a parcel of land located in Lin'an District, Hangzhou City, Zhejiang Province, the PRC at the price of approximately RMB347.6 million (equivalent to approximately HK\$396.3 million). It is expected that Hangzhou Minglun will enter into the Formal Agreement with Lin'an Resources Bureau on or before 3 July 2019 to proceed with the Acquisition. Further announcement in relation to the execution of the Formal Agreement will be made by the Company as and when appropriate.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 25% but are less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and accordingly no Shareholder is required to abstain from voting if a general meeting of the Company were to be held to approve the resolution(s) in respect of the Acquisition. Sansheng Hongye (Hong Kong) Limited, being the controlling Shareholder holding 843,585,747 Shares (representing approximately 74.98% of the total issued Shares as at the date of this announcement), has given its written approval for the Acquisition and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, (i) details of the Formal Agreement; and (ii) financial information of the Group is expected to be despatched to the Shareholders on or before 16 July 2019.

INTRODUCTION

Reference is made to the announcement of the Company dated 20 June 2019 in relation to the participation by Hangzhou Minglun (an indirect wholly-owned subsidiary of the Company) in the Listing. The Board is pleased to announce that, on 24 June 2019, Hangzhou Minglun received a notification from Lin'an Resources Bureau confirming that it has succeeded in the bid for the Acquisition at the price of approximately RMB347.6 million (equivalent to approximately HK\$396.3) million. It is expected that Hangzhou Minglun will enter into the Formal Agreement with Lin'an Resources Bureau on or before 3 July 2019 to proceed with the Acquisition. Further announcement in relation to the execution of the Formal Agreement will be made by the Company as and when appropriate. The principal terms of the Formal Agreement to be entered into are set out below.

THE FORMAL AGREEMENT

Parties

- (i) Hangzhou Minglun, as the purchaser; and
- (ii) Lin'an Resources Bureau, as the vendor.

Hangzhou Minglun is a company incorporated in the PRC with limited liabilities and is an indirect wholly owned subsidiary of the Company. Lin'an Resources Bureau is a government entity responsible for conducting and organising tenders, auctions and listings for sale process for state-owned properties in Lin'an District, Hangzhou City, Zhejiang Province, the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Lin'an Resources Bureau and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Asset to be acquired

The Land is located in Lin'an District, Hangzhou City, Zhejiang Province, the PRC with a site area of 23,642 sq.m. for residential use. The maximum developable gross floor area of the Land is 42,556 sq.m.. The term of the land use right shall be seventy years commencing from the date of Completion. Further details of the Land are disclosed in the section headed "Information of the Land" below.

Consideration and payment terms

The consideration of approximately RMB347.6 million (equivalent to approximately HK\$396.3) represents the successful bid price submitted by Hangzhou Minglun in the Listing. The successful bid price was determined by the Company taking into account (i) the prevailing land price of Lin'an District; and (ii) the development potential of the Land. Pursuant to the Formal Agreement, a non-refundable deposit (the "**Non-refundable Deposit**") of RMB69.5 million (equivalent to approximately HK\$79.2 million) shall be payable by Hangzhou Minglun within five Business Days after the signing of the Formal Agreement. Hangzhou Minglun has already applied the deposit previously paid for participation in the Listing towards satisfaction of the Non-refundable Deposit.

Pursuant to the Formal Agreement, the consideration shall be settled in the following manners:

- (i) an amount of RMB173.8 million (equivalent to approximately HK\$198.1 million) shall be payable by Hangzhou Minglun on or before 7 August 2019 Hangzhou Minglun shall apply the Non-refundable Deposit towards satisfaction of this amount; and
- (ii) the remaining balance of RMB173.8 million (equivalent to approximately HK\$198.1 million) shall be payable by Hangzhou Minglun on or before 7 July 2020.

In the event that Hangzhou Minglun fails to proceed with the Acquisition, Lin'an Resources Bureau is entitled to forfeit the deposit mentioned in (i) above. The Company intends to finance the remaining balance of the consideration for the Acquisition and the future development costs with the Group's internal resources and external financing from bank(s) and/or financial institution(s).

Completion

Following the payment of the remaining balance of the consideration of approximately RMB347.6 million (equivalent to approximately HK\$396.3 million), which shall be payable on or before 7 July 2020, Hangzhou Minglun or its nominee shall apply for registration of the ownership of the land use right of the Land and 杭州市臨安區土地儲備中心 (Land Reserve Center of Hangzhou Lin'an District*) shall deliver the bare Land to Hangzhou Minglun. Completion shall take place upon such delivery and shall be dated no later than 7 July 2020.

INFORMATION OF THE LAND

The Land is located in the north of Fuxing Street, Lin'an District, Hangzhou City, Zhejiang Province, the PRC, which is in the central area of Lin'an District and surrounded by a complete set of facilities and infrastructure. It is within 5 km from the entrance of 杭州—瑞麗高速公路 (Hangzhou–Ruili Expressway*), 3.5 km from 臨安區政府 (Lin'an District Government*) and 3.3 km from 臨安人民醫院 (Lin'an People's Hospital*). After the completion of an enhancement of 杭州至臨安城際鐵路 (Hangzhou to Lin'an Intercity Railway*) in the end of 2019, it is expected that the travel duration between Lin'an District and Hangzhou City centre will be shortened by 30 minutes. Benefiting from the development of 城西科創大走廊區域 (City West Science and Technology Grand Corridor area*), being a major developing area in Hangzhou connecting 杭州城西未來科技城 (Hangzhou Chengxi Future Technology City*) and 青山湖科技城 (Qingshan Lake Science and Technology City*), it is expected that the demand for residential units in Lin'an District will be strong. Pursuant to the Formal Agreement, Hangzhou Minglun shall commence and complete the development of the Land by 7 July 2021 and 6 July 2024 respectively. The Group is in the course of formulating the development plan of the Land according to the timetable specified in the Formal Agreement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in property investment and leasing in Hong Kong and property project management in the PRC. It is also engaged in property development in the PRC through its two property development projects acquired in 2019 in the PRC (details of which are disclosed in the Company's circulars dated 10 January 2019 and 8 March 2019).

As mentioned in the section headed "Information of the Land" above, the Land is located in the central area of Lin'an District. The Directors consider the development of Lin'an District to be one of the main contributions to Hangzhou's new economy which will attract new businesses and boost population growth. Moreover, there are on-going developments in the areas surrounding the Land which is expected to create an increasing demand for residential properties in the area.

Considering the prime location and the development potential of the Land, the Directors believe that the Acquisition is in line with the Group's strategy and enables the Group to further expand its property development business. The Directors consider the terms of the Acquisition to be fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 25% but are less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and accordingly no Shareholder is required to abstain from voting if a general meeting of the Company were to be held to approve the resolution(s) in respect of the Acquisition. Sansheng Hongye (Hong Kong) Limited, being the controlling Shareholder holding 843,585,747 Shares (representing approximately 74.98% of the total issued Shares as at the date of this announcement), has given its written approval for the Acquisition and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, (i) details of the Formal Agreement; and (ii) financial information of the Group is expected to be despatched to the Shareholders on or before 16 July 2019.

DEFINITIONS

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

“Acquisition”	the acquisition of the Land
“Board”	the board of Directors
“Business Day(s)”	a day(s) (other than a Saturday and Sunday and a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is issued or remains in effect in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong
“Company”	Zhongchang International Holdings Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 859)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Formal Agreement
“Directors”	the directors of the Company
“Formal Agreement”	the transfer agreement to be entered into by Hangzhou Minglun and Lin’an Resources Bureau in relation to the Acquisition
“Group”	the Company and its subsidiaries from time to time
“Hangzhou Minglun”	杭州銘倫實業有限公司 (Hangzhou Minglun Industrial Co., Ltd.*), an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lin’an Resources Bureau”	杭州市規劃和自然資源局臨安分局 (Lin’an Branch of Hangzhou Planning and Natural Resources Bureau*)

“Land”	the parcel of land located in Lin’an District, Hangzhou City, Zhejiang Province, the PRC (杭州市臨安區)
“Listing”	the listing for sale process conducted by Lin’an Resources Bureau for the sale of the land use right of the Land
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“km”	kilometres
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metres
“%”	per cent.

By Order of the Board
Zhongchang International Holdings Group limited
Fan Xuerui
Executive Director

Hong Kong, 24 June 2019

As at the date of this announcement, the Board comprises Mr. Pan Gongcheng (Chairman), Mr. Fan Xuerui, Mr. Sun Meng and Ms. Li Guang as executive Directors; and Mr. Hung Ka Hai Clement, Mr. Liew Fui Kiang and Mr. Wong Sai Tat as independent non-executive Directors.

* *For identification purpose only*