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**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)**

**ANNOUNCEMENT IN RELATION TO  
THE ENFORCEMENT OF CHARGE OVER SHARES  
HELD BY THE CONTROLLING SHAREHOLDER  
AND  
RESUMPTION OF TRADING**

This announcement is made by Zhongchang International Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the disclosure obligation under the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) and Rule 13.10 of the Listing Rules.

The Company was informed by China Cinda (HK) Asset Management Co., Limited (the “**Security Agent**”) on 21 October 2019 that pursuant to a facility agreement dated 15 May 2019 (the “**Facility Agreement**”) entered into among Sansheng Hongye (Hong Kong) Limited (“**Sansheng Hongye**”) as borrower, Mr. Chen Jianming (the ultimate beneficial owner of Sansheng Hongye) as guarantor, Ms. Chen Yanhong (the spouse of Mr. Chen Jianming) as guarantor, 上海三盛宏業投資(集團)有限責任公司 (Shanghai Sansheng Hongye Investment (Group) Company Limited\*) (the parent company of Sansheng Hongye) as guarantor, and the Security Agent as lender, arranger, agent and security agent in relation to a loan facility in the amount of HK\$700 million for a term of 24 months, and certain financing documents entered into in relation to the Facility Agreement (together with the Facility Agreement, the “**Finance Documents**”), including but not limited to a share mortgage between Sansheng Hongye and the Security Agent (the “**Share Mortgage**”) in respect of 843,585,747 shares of the Company (the “**Charged Shares**”), due to the continued occurrence of certain events of default under

the Finance Documents (including failure to pay the outstanding fees under the Finance Documents after such fees became due and payable), the Security Agent has taken enforcement action on 18 October 2019 in accordance with the terms of the Share Mortgage (the “**Enforcement Action**”) and the beneficial ownership of all of the Charged Shares is now vested with the Security Agent.

Immediately before the Enforcement Action, Sansheng Hongye held the Charged Shares (i.e. 843,585,747 shares of the Company, representing approximately 74.98% of the total issued shares of the Company) and a convertible note of the Company in the principal amount of HK\$11,000,000 which is convertible into 13,715,710 new shares of the Company at the prevailing conversion price (the “**Convertible Note**”). As informed by the Security Agent, Sansheng Hongye no longer holds the Charged Shares and has ceased to be a controlling shareholder of the Company as a result of the Enforcement Action. The Company was further informed by the Security Agent that the Convertible Note is subject to security interest under the Finance Documents, and that as at the date of this announcement, no enforcement action has been taken by the Security Agent in respect of the Convertible Note. As advised by Sansheng Hongye, it is seeking legal advice on the impact on its shareholding interest in the Company and the necessary filings for disclosures of interests.

As advised by the Security Agent, the Security Agent is a licensed money lenders under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) and is indirectly wholly owned by China Cinda Asset Management Co., Ltd., the H shares of which are listed on the Main Board of the Stock Exchange with stock code 1359. As a result of the Enforcement Action, the voting rights of the Company held by the Security Agent have increased from nil to approximately 74.98%. Pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), the Security Agent has an obligation to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by the Security Agent unless such obligation is waived by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or its delegate. The Security Agent has applied for a waiver from such obligation pursuant to Note 2 on Dispensations from Rule 26 of the Takeovers Code.

On 23 October 2019, the Group received letters (the “**Demand Letters**”) from a bank demanding full repayment of all outstanding sum (together with accrued interests and costs) of approximately HK\$1,093 million (the “**Group Level Bank Indebtedness**”) on or before 25 October 2019, failing which the bank will take appropriate action (including without limitation instituting legal proceedings against the Group for the recovery of the outstanding sum together with interests and costs and/or exercising its right of set off against the Group’s deposit). The Group Level Bank Indebtedness is secured by, among others, certain property interests held by the Group. The Group will use its best endeavours to negotiate with the bank with a view to reaching a settlement of this matter. The Company is assessing the impact of the Enforcement Action and the Demand Letters

on other third party borrowings of the Group. Save as disclosed above, the business and operation of the Group remain normal. Further announcement(s) will be made by the Company as and when there is any material development.

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

Trading in the shares of the Company has been halted with effect from 9:00 a.m. on 22 October 2019 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the shares with effect from 9:00 a.m. on 25 October 2019.

By order of the Board of  
**Zhongchang International Holdings Group Limited**  
**Fan Xuerui**  
*Chairman and Executive Director*

Hong Kong, 24 October 2019

\* *for identification only*

*As at the date of this announcement, the board of directors of the Company comprises Mr. Fan Xuerui (Chairman), Mr. Pi Minjie, Mr. Sun Meng and Ms. Li Guang as executive directors; Mr. Wang Xin as non-executive director; and Mr. Hung Ka Hai Clement, Mr. Liew Fui Kiang and Mr. Wong Sai Tat as independent non-executive directors.*

*The directors of the Company jointly and severally accept full responsibility for accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*