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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)

RENEWAL OF LOAN FACILITIES

Reference is made to the circular of the Company dated 10 January 2019 in relation to the Acquisition. The Acquisition was completed in March 2019. As a result of Completion, Shanghai Yuexin and Zhenjiang Tiangong have become indirect wholly-owned subsidiaries of the Company. Prior to Completion, Shanghai Yuexin had obtained a loan facility granted by Shanghai Aijian of up to RMB308 million to finance the acquisition of Zhenjiang Tiangong. Subsequent to the Acquisition, Zhenjiang Tiangong had also obtained a construction loan facility granted by Shanghai Aijian of up to RMB392 million to finance the construction costs of the Project over the Land.

As at the date of this announcement, Shanghai Yuexin and Zhenjiang Tiangong had drawn down from the Facilities a total principal amount of RMB469.4 million, of which RMB398.4 million bears interest at a rate of 11% per annum and RMB71.0 million bears interest at a rate of 23% per annum. Interests accrued are payable in arrears on a quarterly basis and the principal amount shall be repayable in full on 13 February 2020. The Facilities are secured by, among other things, the entire equity interest in Zhenjiang Tiangong and the Land and guaranteed by Mr. Chen Jianming and Shanghai Sansheng.

RENEWAL OF THE FACILITIES

On 13 February 2020, Shanghai Yuexin, Zhenjiang Tiangong, Zhoushan Mingyi and Shanghai Aijian entered into the Agreement, pursuant to which Shanghai Aijian agreed to renew the Facilities on the following principal terms:

- (i) the availability period of the Facilities and the final maturity date of the Loans shall be extended by 12 months to 13 February 2021;

- (ii) Shanghai Yuexin and Zhenjiang Tiangong shall settle the interest accrued on the Loans up to 12 February 2020 of approximately RMB10.3 million on the date of the Agreement and the interest rates of the Facilities shall be revised to 15% per annum with effect from 13 February 2020; and
- (iii) Zhoushan Mingyi shall complete the disposal of its entire equity interest in Hangzhou Minglun on or before 13 May 2020 (i.e. the Possible Disposal). Hangzhou Minglun is a company wholly-owned by Zhoushan Mingyi and has an interest in a land parcel located in Hangzhou City, Zhejiang Province, the PRC which was acquired through the listing for sale process conducted by the local government (please refer to the circular of the Company dated 12 July 2019 for details).

In the event that Zhoushan Mingyi is able to complete the Possible Disposal on or before 13 May 2020, Zhoushan Mingyi shall within three calendar days after receipt of the disposal proceeds advance an interest-free shareholder's loan in the amount of RMB85.0 million to Zhenjiang Tiangong for the purpose of Zhenjiang Tiangong making partial repayment of the Loans in the principal amount of RMB50.0 million and payment of interest accrued thereon. The remaining balance of the shareholder's loan shall be maintained in the accounts of Zhenjiang Tiangong to finance the construction costs of the Project. The aforesaid shareholder's loan can only be repaid after the principal amount of the Loans is reduced to not more than RMB300.0 million.

In the event that the Company fails to obtain the Shareholders' approval for the Possible Disposal or in the event that Zhoushan Mingyi fails to complete the Possible Disposal on or before 13 May 2020, Zhoushan Mingyi shall within ten business days of the failure (whichever is the earlier) charge its entire equity interest in Hangzhou Minglun and its receivables under the shareholder's loan due from Hangzhou Minglun in the amount of RMB23.7 million in favour of Shanghai Aijian as security for the Loans of up to RMB85.0 million.

Pursuant to the Agreement, the Renewal is subject to approval by the Board, the Shareholders, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission (if required). In the event that the Company fails to obtain the aforesaid approvals on or before 13 May 2020, Shanghai Aijian shall have the right to terminate the Agreement, upon which the terms of the Renewal shall lapse with effect from 13 February 2020 and the Loans (together with interest accrued thereon) shall be repaid in accordance with the original terms of the Facilities (including penalty interest, compound interest and default charge (if applicable)). For the avoidance of doubt, Shanghai Aijian acknowledged and agreed that the Loans are not considered in default during the period from 13 February 2020 up to 13 May 2020 unless the aforesaid approval(s) cannot be obtained on or before 13 May 2020.

Save for the above, the other principal terms of the Facilities (including the collaterals and guarantees) shall remain unchanged.

REASONS FOR THE RENEWAL OF THE FACILITIES

The Group is principally engaged in property leasing in Hong Kong and property development in the PRC. As a property developer, it is in the ordinary and usual course of business of the Group to obtain financing from financial institutions to support the capital needs throughout the development period of its property projects, and it is normal market practice that such financings are subject to regular review by the financial institutions with revision to terms upon such reviews taking into account prevailing market conditions. Having considered the above, the Board considers that the Renewal is in the ordinary and usual course of business of the Group and is in the interest of the Company and the Shareholders as a whole.

GENERAL

As a good corporate governance practice, the Board resolved to put forward the Renewal for Shareholders' approval at a general meeting. Accordingly, a special general meeting will be convened and held by the Company at which resolution(s) will be proposed to seek approval of the Shareholders for the Renewal.

A circular containing, among other things, (i) details of the Agreement; and (ii) the notice of the special general meeting, is expected to be despatched to the Shareholders on or before 5 March 2020.

As at the date of this announcement, the Company is in discussions with a potential purchaser which is an independent third party of the Group for the Possible Disposal but no formal agreement has been reached. The Company shall comply with applicable requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and/or the Hong Kong Code on Takeovers and Mergers if the Possible Disposal materialises.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition”	the acquisition of the entire issued share capital of High Morality Limited, which is a company incorporated in the British Virgin Islands with limited liability and the indirect holding company of Zhenjiang Tiangong which in turn holds the Land
“Agreement”	the agreement dated 13 February 2020 entered into among Shanghai Yuexin, Zhenjiang Tiangong, Zhoushan Mingyi and Shanghai Aijian in relation to the Renewal
“Board”	the board of Directors

“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 of Hong Kong Limited (stock code: 859)
“Completion”	completion of the Acquisition
“Director(s)”	the director(s) of the Company
“Facilities”	the loan facilities granted by Shanghai Aijian to Shanghai Yuexin and Zhenjiang Tiangong
“Group”	the Company and its subsidiaries
“Hangzhou Minglun”	杭州銘倫實業有限公司 (Hangzhou Minglun Industrial Co., Ltd.*), a company wholly-owned by Zhoushan Mingyi and has an interest in a land parcel located in Hangzhou City, Zhejiang Province, the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	three parcels of land in Zhenjiang City, the PRC held by Zhenjiang Tiangong
“Loans”	the loans drawn down from the Facilities by the Group
“Possible Disposal”	the possible disposal of the entire equity interest in Hangzhou Minglun by Zhoushan Mingyi
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“Project”	a property development project at the Land in Zhenjiang, the PRC undertaken by Zhenjiang Tiangong
“Renewal”	the renewal of the Facilities pursuant to the Agreement
“Shanghai Aijian”	上海愛建信托有限責任公司 (Shanghai Aijian Trust Co., Limited*), an independent financial institution in the PRC

“Shanghai Sansheng”	上海三盛宏業投資(集團)有限責任公司 (Shanghai Sansheng Hongye Investment (Group) Company Limited*), a company established in the PRC with limited liability
“Shanghai Yuexin”	上海岳信企業管理諮詢有限公司 (Shanghai Yuexin Enterprise Management Consultancy Co., Ltd.*), an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Zhenjiang Tiangong”	鎮江天工頤景園房地產有限公司(Zhenjiang Tiangong Yijingyuan Real Estate Co., Ltd.*), an indirect wholly-owned subsidiary of the Company and a company wholly-owned by Shanghai Yuexin
“Zhoushan Mingyi”	舟山銘義文化產業投資有限公司 (Zhoushan Mingyi Cultural Assets Investment Co., Ltd*), an indirect wholly-owned subsidiary of the Company and the holding company of Shanghai Yuexin
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 14 February 2020

As at the date of this announcement, the Board 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.

* for identification purpose only