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中昌國際
ZHONGCHANG INTERNATIONAL

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)

PROFIT WARNING

This announcement is made by the board of directors (the "**Board**") of Zhongchang International Holdings Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that based on a preliminary review of the unaudited management accounts of the Group for the year ended 31 December 2019 (the "**FY2019**") and other information currently available to the Company, the Group expects to record a consolidated loss after taxation for the FY2019 of more than HK$90.0 million, as compared to a consolidated profit after taxation for the nine months ended 31 December 2018 (the "**9M2018**") of approximately HK$17.3 million, which was mainly attributable to (i) a fair value loss on investment properties in Hong Kong as compared to a fair value gain of HK$19.2 million for the 9M2018; (ii) the increase in staff costs and other operating costs due to the commencement of the property project management business in the People's Republic of China (the "**PRC**") in late 2018 and property development business in the PRC in 2019; (iii) the share of loss of an associate (the "**Associate**"), interest in which was acquired by the Group in April 2019 and is engaged in property development in the PRC. Given that the development of the project is still ongoing, no revenue had been recognised by the Associate and a loss was incurred due to provision for impairment under expected credit loss model in accordance with Hong Kong Financial Reporting Standards and other operating expenses; (iv) the recognition of impairment of investment in the Associate due to decline in selling prices of the properties held by the Associate; and (v) impairment under expected credit loss model in accordance with Hong Kong Financial Reporting Standards for the Group's certain financial assets.

The Group is still in the process of preparing and finalising its annual results for the FY2019. The information above is only a preliminary assessment by the Board based on the information currently available to it, which has not been finalised and not audited or reviewed by the Company's auditors and is subject to possible adjustment. Accordingly, the annual results of the Group may be different from what is disclosed in this announcement. Shareholders and potential investors are advised to read the announcement of the Company for the annual results for the FY2019, which is expected to be published by the end of March 2020.

Reference is made to the Company's announcements dated 24 October 2019 and 25 October 2019 (the "**Announcements**") and the monthly update announcements dated 22 November 2019, 23 December 2019, 23 January 2020 and 24 February 2020 in relation to, among other things, the enforcement by China Cinda (HK) Asset Management Co., Limited (the "**Security Agent**") of charge over shares of the Company held by the controlling shareholder on 21 October 2019, which has triggered the obligation under Rule 26 of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") 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 (the "**Offer**"). The Security Agent has applied for a waiver from such obligation pursuant to Note 2 on Dispensations from Rule 26 of the Takeovers Code (the "**Waiver**").

Following the publication of the Announcements, the Company is required to comply with the relevant requirements under the Takeovers Code. Pursuant to Rule 10 of the Takeovers Code, the profit warning statement included in this announcement (the "**Profit Warning Statement**") constitutes a profit forecast and will need to be reported on by the Company's financial adviser and its auditors or consultant accountants in accordance with Rule 10.4 of the Takeovers Code. Since this announcement is required to be made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions, which requires the Company to issue the Profit Warning Statement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the requirements set out in Rule 10.4 of the Takeovers Code.

Pursuant to Rule 10.4 of the Takeovers Code and Practice Note 2 of the Takeovers Code, if the Profit Warning Statement is published first in an announcement, it must be repeated in full, together with the reports from the Company's financial advisers and auditors or accountants on the Profit Warning Statement, in the next document to be sent to the Shareholders (the "**Shareholders' Document**"). In the event that the Offer proceeds and the annual results announcement for FY2019 (the "**FY2019 Annual Results**") is published prior to the despatch of the Shareholders' Document, the requirement under Rule 10 of the Takeovers Code to report on the Profit Warning Statement contained in this announcement will be superseded by the publication of the FY2019 Annual Results. Otherwise, the Profit Warning Statement contained in this announcement shall be reported on in accordance with Rule 10 of the Takeovers Code and the relevant reports will be included in the Shareholders' Document to be sent to the Shareholders.

Shareholders and potential investors in the Company should note that the Profit Warning Statement does not meet the standard required by Rule 10 of the Takeovers Code. and has not been reported on in accordance with the Takeovers Code. Shareholders and potential investors of the Company are advised to exercise caution when placing reliance on the Profit Warning Statement in assessing the Offer (if it materialises) and dealing in the securities of the Company.

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

Hong Kong, 27 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.

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.