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 unfinalized and unaudited management accounts of the Group (the "**Management Accounts**") for the year ended 31 December 2020 (the "**FY2020**") and other information currently available to the Company, including the current draft valuation reports from independent valuers as at 31 December 2020, the Group expects to record a consolidated net loss after taxation for the FY2020 of not less than approximately HK$555 million, as compared to the reported consolidated loss after taxation for year ended 31 December 2019 (the "**FY2019**") of approximately HK$94.8 million. The above estimated loss of FY2020 has yet to include, among others, potential prior year adjustments on matters including but not limited to the suspected dissipation of funds by a previous controlling shareholder of the Company in connection with the prepayments of construction costs paid by Zhenjiang Tiangong Yijingyuan Real Estate Co., Ltd.*, a wholly owned subsidiary of the Group, to a main contractor as disclosed in the Company's announcement dated 16 October 2020, and other potential adjustment(s) to the financial statements of FY2020 and FY2019, if any (the "**Potential Adjustment(s)**").

Without taking into account any Potential Adjustment(s), the above estimated net loss of FY2020 was mainly attributable to (i) a fair value loss on investment properties in Hong Kong; (ii) the potential provisions on expected credit loss ("**ECL**") from the amount due from an associate (the "**Associate**"), which is engaged in property development in the People's Republic of China that was acquired by the Group in April 2019, and certain financial assets under ECL model; (iii) an increase in share of loss of the Associate; (iv) recognition of impairment of investment in the Associate; and (v) write-down of properties held for sale to net realisable value in respect of properties under development by the Group.

The Group is still in the process of preparing and finalising its annual results for the FY2020. The information above is only a preliminary assessment by the Board based on the information currently available to it and the Management Accounts which have not been finalised or audited, nor has it been reviewed by the Company's auditors or the audit committee of the Company. Accordingly, the above estimated net loss of FY2020 is subject to any Potential Adjustment(s) and further provisions, and the annual results of the Group may be different from what is disclosed in this announcement. Financial information and other details of the Group for FY2020 will be disclosed in the annual results announcement of the Group to be published.

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

By order of the Board
Zhongchang International Holdings Group Limited
Chen Zhiwei
Chairman and Executive Director

Hong Kong, 1 March 2021

As at the date of this announcement, the Board comprises Mr. Chen Zhiwei (Chairman), Ms. Ku Ka Lee, Mr. Tang Lunfei and Ms. Huang Limei as executive directors; Dr. Huang Qiang and Mr. Wong Chi Keung, Kenjie as non-executive directors; and Mr. Liew Fui Kiang, Mr. Wong Wai Leung and Mr. Yip Tai Him as independent non-executive directors.

* *For identification purpose only*