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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)

INSIDE INFORMATION

UPDATE ON THE PARTIAL REPAYMENT OF THE HSB FACILITIES

INTRODUCTION

This announcement is made by 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 under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 5 February 2021, 18 March 2021, 23 August 2021, 4 October 2021 and 8 October 2021 (collectively, the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

UPDATE ON THE PARTIAL REPAYMENT OF THE HSB FACILITIES

As disclosed in the announcement of the Company dated 8 October 2021, the Borrowers respectively received replies from HSB (through its solicitors) that (i) the Partial Repayment that the Borrowers are to be repaid will be reduced from HK\$164.0 million to HK\$100.0 million; (ii) the Reduced Partial Repayment must be repaid by Friday, 29 October 2021; and (iii) the Borrowers shall bear the legal fees incurred by HSB in connection with the recovery of outstanding loans owed by the Borrowers.

On 29 October 2021, the Borrowers have received further letters from HSB (through its solicitors) that HSB is minded to waive the Breach (that the respective Borrower was in breach of the financial covenant under the Facility Letter and the Facility Agreement whereby the consolidated tangible net worth of the Company (as their respective guarantor thereunder) was less than the requisite minimum of HK\$2,000,000,000), subject to the following waiver conditions (the “**Waiver Conditions**”):

- (i) any of the Borrowers to make the Reduced Partial Repayment to HSB by 29 October 2021;

- (ii) any of the Borrowers to make the payment of legal fees in the amount of HK\$50,000 to HSB for dealing with the Breach and their waiver applications;
- (iii) written acknowledgements of the waiver of the Breach by HSB under the letter (including the Waiver Conditions) shall be signed respectively by, among others, the Borrowers and the Company (as the guarantor under the Facility Letter and Facility Agreement) (the “**Written Acknowledgments**”); and
- (iv) notwithstanding the Breach and the waiver by HSB, the terms of the Facility Letter, the Facility Agreement, the finance documents and the security documents (including the guarantee and security provided therein) shall remain in full force and effect. The waiver is without prejudice to and shall not affect other rights and benefits which HSB may have under the Facility Letter, the Facility Agreement, the finance documents and the security documents. Nothing in the letter shall be deemed to be a waiver by HSB of, or consent by HSB to, any breach or potential breach (present or future) of any provision of the Facility Letter, the Facility Agreement, the finance documents and the security documents, except the specific waiver expressly given in the letter.

On 29 October 2021, in accordance with the terms of the Waiver Conditions set out in the letters from HSB (through its solicitors) to the respective Borrowers, the Borrowers have (i) repaid the Reduced Partial Repayment of HK\$100.0 million; (ii) paid the legal fees incurred by HSB in connection with the recovery of the outstanding loans owed by the Borrowers of HK\$50,000; and (iii) returned the signed Written Acknowledgements respectively dated 29 October 2021.

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

Hong Kong, 29 October 2021

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