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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

On 27 January 2021, Shanghai Yuexin, Zhenjiang Tiangong, Zhoushan Mingtai and Shanghai Aijian entered into the Renewal Agreements, pursuant to which Shanghai Aijian agreed to renew the Facilities such that the final maturity date of the Facilities has been extended to 13 February 2022.

The Renewal Agreements and the transactions contemplated thereunder are not subject to Shareholders' approval under their respective terms and are also not required to be subject to Shareholders' approval under Chapter 14 of the Listing Rules. However, as Shareholders' approval was previously sought in respect of the Previous Renewal Agreement, as a matter of good corporate governance and practice, the Company has obtained a written undertaking from its controlling shareholder, China Cinda (HK), which provides that China Cinda (HK) will approve the Renewal Agreements and all transactions and matters in connection therewith by way of written Shareholders' approval.

BACKGROUND

Reference is made to the announcements of the Company dated 14 February 2020 and 13 May 2020, and the circulars of the Company dated 10 January 2019 and 21 April 2020, respectively.

The Acquisition was completed in March 2019. As a result of Completion, Shanghai Yuexin and Zhenjiang Tiangong became 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. The Facilities were secured by, among other things, the entire equity interest in Zhenjiang Tiangong and the Land, mortgages over the land use rights of the Land in favour of Shanghai Aijian, and were guaranteed by Mr. Chen Jianming and Shanghai Sansheng at such relevant time.

On 13 February 2020, Shanghai Yuexin, Zhenjiang Tiangong, Zhoushan Mingyi and Shanghai Aijian entered into the Previous Renewal Agreement, which was subject to approval by the Board, the Shareholders, the Stock Exchange and the Securities and Futures Commission (if required). On 13 May 2020, the Company held a special general meeting at which resolutions were proposed to seek approval of the Shareholders for the Previous Renewal Agreement and the terms and transactions thereunder, and such resolutions were not passed by the Shareholders. As a result, the Previous Renewal Agreement was terminated by Shanghai Aijian and the terms thereunder lapsed with effect from 13 February 2020.

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 million bears interest at a rate of 23% per annum. Under the original terms of the Facilities, interests accrued were payable in arrears on a quarterly basis, default interest and compound interest were applicable to overdue amounts and the principal amount of the Facilities, which was due on 13 February 2020, was overdue and outstanding since that date.

RENEWAL OF THE FACILITIES

On 27 January 2021, Shanghai Yuexin, Zhenjiang Tiangong, Zhoushan Mingtai and Shanghai Aijian entered into the Renewal Agreements, 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 drawdown thereunder will be extended to 13 February 2022;
- (ii) notwithstanding the extension of the availability period of the Facilities as provided above, penalty interest, compound interest and default charge (as applicable) shall apply with respect to the period between 13 February 2020 up to (and including) the Agreement Date, and the aggregate amount of all outstanding interest payable by Shanghai Yuexin and Zhenjiang Tiangong under the Facilities up to (and including) the Agreement Date shall be paid by Shanghai Yuexin and Zhenjiang Tiangong in one lump sum before 13 February 2022;
- (iii) interest on the principal amount of the Facilities will continue to accrue from (but not including) the Agreement Date up to and including 13 February 2022 at the original interest rates under the Facilities, namely, that out of the total principal amount of RMB469.4 million drawn down from the Facilities, RMB398.4 million shall bear interest at 11% per annum and RMB71 million shall bear interest at 23% per annum. Such accrued interest will be paid on 10 March 2021, 10 June 2021, 10 September 2021, 10 December 2021 and on the final maturity date of the Facilities, being 13 February 2022, respectively;

- (iv) Shanghai Aijian will release the mortgage over the land use rights of the Relevant Land Parcel, as it is proposed that the Relevant Land Parcel will be subdivided such that a new land certificate will be separately issued with respect to the undeveloped portions of the Relevant Land Parcel (i.e. the New Land Certificate). Shanghai Yuexin and Zhenjiang Tiangong undertake to procure that, as soon as practicable after issuance of the New Land Certificate, new mortgages over the land use rights under the New Land Certificate will be established in favour of Shanghai Aijian as security for the Facilities; and
- (v) Zhenjiang Tiangong will establish mortgages over certain unsold properties under development of the Project and their land use rights in favour of Shanghai Aijian as additional security for the Facilities, and also undertakes that if there are any further construction works for development of properties under the Project, the same will also be mortgaged as collateral in favour of Shanghai Aijian for such purposes.

As previously disclosed, Mr. Chen Jianming and Shanghai Sansheng, being previous controlling shareholders of the Company, had historically provided guarantees as security for the Facilities. Pursuant to the arrangements under the Renewal Agreements, Shanghai Aijian has acknowledged that written confirmation had not been sought from Mr. Chen Jianming and Shanghai Sansheng prior to the extension of the final maturity date of the Facilities as contemplated under the Renewal Agreements to confirm that the guarantees provided by each of them, which to the best knowledge of the Company, have not been released as at the date of this announcement, continue to apply to the Facilities, the terms of which are now supplemented and amended by the Renewal Agreements with effect from 27 January 2021. Save as provided above, the other principal terms of the Facilities and security arrangements with respect to the Facilities (including the other land use right mortgages over the portions of the Land other than the Relevant Land Parcel) 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, and the financial condition and the operational needs of the Company.

As previously disclosed, the Facilities had been overdue under their original terms since 13 February 2020. Further, with the land use rights of the Relevant Land Parcel being mortgaged in favour of Shanghai Aijian to secure the Facilities, the Group would be unable to conduct the requisite filings and registrations so as to allow mortgage loans of home buyers of developed for sale properties on the Relevant Land Parcel under the Project to be obtained and released under applicable regulations and governmental policies in the PRC. Accordingly, it was in the interests of the Group that the Group

“China Cinda (HK)”	China Cinda (HK) Asset Management Co., Limited, a company incorporated in Hong Kong and the immediate controlling shareholder of the Company
“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
“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, one of which, namely the Relevant Land Parcel, will be subdivided in connection with the transactions contemplated under the Renewal Agreements
“New Land Certificate”	the new land certificate in relation to the undeveloped portion of the Relevant Land Parcel to be issued following the proposed subdivision of the Relevant Land Parcel. The land use rights thereunder will be mortgaged to Shanghai Aijian as security for the Facilities pursuant to the Renewal Agreements
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“Previous Renewal Agreement”	the agreement dated 13 February 2020 entered into among Shanghai Yuexin, Zhenjiang Tiangong, Zhoushan Mingyi and Shanghai Aijian in relation to the renewal of the Facilities, which was terminated after Shareholders’ approval was not obtained in relation to it at the special general meeting of the Company convened on 13 May 2020
“Project”	a property development project at the Land in Zhenjiang, the PRC undertaken by Zhenjiang Tiangong
“Relevant Land Parcel”	one of the land parcels forming part of the Land which is comprised of undeveloped and developed portions and which will be subdivided following the release of the land use right mortgage thereon as contemplated under the Renewal Agreements

“Renewal Agreements”	the agreements dated 27 January 2021 entered into by Shanghai Yuexin, Zhenjiang Tiangong, Zhoushan Mingtai and Shanghai Aijian in relation to and for the purposes of the renewal of the Facilities
“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 and a previous controlling shareholder of the Company
“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 and the holding company of Zhenjiang Tiangong
“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 Mingtai”	舟山銘泰物業管理有限公司 (Zhoushan Mingtai Property Management Co., Limited*), an indirect wholly-owned subsidiary of the Company
“Zhoushan Mingyi”	舟山銘義文化產業投資有限公司 (Zhoushan Mingyi Cultural Assets Investment Co., Ltd*), a company established in the PRC with limited liability and 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
Chen Zhiwei
Chairman and Executive Director

Hong Kong, 27 January 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 as a non-executive director; and Mr. Liew Fui Kiang, Mr. Wong Sai Tat, Mr. Wong Wai Leung and Mr. Yip Tai Him as independent non-executive directors.

* For identification purpose only