

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

BREACH OF COVENANT RELATING TO HSB FACILITIES AND POTENTIAL WAIVER FROM HSB

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).

BREACH OF COVENANT RELATING TO HSB FACILITIES AND POTENTIAL WAIVER FROM HSB

On 5 February 2021, three of the subsidiaries of the Company, namely, Pioneer Delight Limited (“**Pioneer Delight**”), Smart Land Properties Limited (“**Smart Land**”) and Top Bright Properties Limited (“**Top Bright**”, together with Pioneer Delight and Smart Land, the “**Borrowers**”, and each a “**Borrower**”), each received a letter from Hang Seng Bank Limited (“**HSB**”) (through its solicitors) (the “**Letter**”) noted that the respective Borrower was in breach of the financial covenant whereby the consolidated tangible net worth of the Company (as their respective guarantor) was less than the requisite minimum of HK\$2,000,000,000 (the “**Breach**”). As stated in the Letter to the respective Borrower, HSB may waive the Breach if the relevant Borrower could satisfy the conditions precedents (the “**Waiver Conditions**”) and provide HSB with satisfactory evidence as HSB may require within one month from the date of the Letter, including:

1. Pioneer Delight, Smart Land and/or Top Bright shall make a partial repayment of not less than HK\$164.0 million to HSB;
2. Pioneer Delight, Smart Land and/or Top Bright shall make payment of legal fee in the amount of HK\$30,000 to HSB for, among others, dealing with the Breach;

3. Each of the Borrowers, the Company, and other obligors and security providers under the respective Facility Letter and the Facility Agreement shall sign a written acknowledgment of the waiver of the Breach by HSB under the Letter including the Waiver Conditions; and
4. Notwithstanding the Breach and the waiver by HSB, the terms of the respective Facility Agreement, the Facility Letter, the finance documents and security documents (including the guarantee and security provided therein) shall remain in full force and effect.

The Company and the Borrowers will use their best endeavours to further negotiate with HSB and/or satisfy the Waiver Conditions. The Company will publish further announcements on the development of the waiver by HSB for the Breach as and when appropriate, and/or in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

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

Hong Kong, 5 February 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.