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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO
ACQUISITION OF A HOTEL IN ZHOUSHAN CITY**

INTRODUCTION

The Board is pleased to announce that after trading hours of the Stock Exchange on 8 August 2019, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor and the Target entered into the Agreement, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Equity Interest at the Initial Consideration of approximately RMB120.0 million (equivalent to approximately HK\$134.4 million) (subject to adjustment) in cash. The Equity Interest shall represent the entire equity interest in the Target at Completion. The Target holds the Hotel in Zhoushan City, Zhejiang Province, the PRC.

LISTING RULES IMPLICATIONS

As all the applicable percentage ratios in respect of the Acquisition are less than 25%, the Acquisition, on a standalone basis, constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Further, as disclosed in the circulars of the Company dated 10 January 2019 and 8 March 2019, Agile Scene Limited (an indirect wholly-owned subsidiary of the Company) acquired two property development projects from Sanshenghongye (BVI) Holdings Limited, a company wholly owned by Shanghai Sansheng. The two previous acquisitions (in aggregate) constituted a major transaction of the Company pursuant to Chapter 14 of the Listing Rules. As the Vendor is also a wholly-owned subsidiary of Shanghai Sansheng, the Acquisition shall be aggregated with the two previous acquisitions pursuant to Rules 14.22 and 14A.81 of the Listing Rules for the purpose of compliance with the Listing Rules. As the Acquisition, when aggregated with the two previous acquisitions, remains to be a major transaction, the Company is only required to comply with the reporting and announcement requirements for a discloseable transaction under Chapter 14 of the Listing Rules in respect of the Acquisition.

As the Vendor is wholly owned by Shanghai Sansheng and Shanghai Sansheng is the holding company of Sansheng Hongye (the controlling Shareholder of the Company), the Vendor is a connected person of the Company under the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The SGM will be convened and held by the Company at which resolution(s) will be proposed to seek approval of the Independent Shareholders for the Acquisition by way of poll. Sansheng Hongye is interested in 843,585,747 Shares as at the date of this announcement (representing approximately 74.98% of the total number of issued Shares) and shall abstain from voting on the relevant resolution(s) at the SGM. Mr. Fan Xuerui has a material interest in the Acquisition by reason of his relationship being the son-in-law of Mr. Chen Jianming (the ultimate controlling shareholder of Sansheng Hongye) and has abstained from voting on the Board resolution approving the Acquisition.

GENERAL

A circular containing, among other things, (i) details of the Agreement; (ii) the letter of recommendation from the Independent Board Committee in respect of the Acquisition; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (iv) the valuation report on the Hotel; and (v) the notice of the SGM, is expected to be despatched to the Shareholders on or before 29 August 2019.

INTRODUCTION

The Board is pleased to announce that after trading hours of the Stock Exchange on 8 August 2019, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor and the Target entered into the Agreement, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Equity Interest at the Initial Consideration of approximately RMB120.0 million (equivalent to approximately HK\$134.4 million) (subject to adjustment) in cash. The principal terms of the Agreement are set out below;

THE AGREEMENT

Date

8 August 2019

Parties

- (i) The Purchaser, an indirect wholly-owned subsidiary of the Company;
- (ii) the Vendor; and
- (iii) the Target.

The Vendor is principally engaged in investment holding and is an indirect wholly-owned subsidiary of Shanghai Sansheng through Shanghai Xingming. Shanghai Sansheng also wholly owns Sansheng Hongye, the controlling Shareholder holding 843,585,747 Shares (representing approximately 74.98% of the total issued Shares as at the date of this announcement). Accordingly, the Vendor is a connected person of the Company under the Listing Rules.

Subject matter

Pursuant to the Agreement, the Purchaser agreed to acquire and the Vendor agreed to sell the Equity Interest at the Initial Consideration of approximately RMB120.0 million (equivalent to approximately HK\$134.4 million) (subject to adjustment) in cash. The Equity Interest shall represent the entire equity interest in the Target at Completion.

As at 30 June 2019, the Target owes the Vendor the Shareholder's Loan amounting to RMB240.8 million (equivalent to approximately HK\$269.7 million). It is a condition precedent to Completion pursuant to the Agreement that the Capital Increase shall be implemented, whereby the entire amount of the Shareholder's Loan shall be applied towards satisfaction of the additional contribution to the registered capital in the Target by the Vendor. Upon completion of the Capital Increase, the Target will no longer owe the Vendor any shareholder's loan and the registered capital in the Target will be enlarged to approximately RMB270.8 million (equivalent to approximately HK\$303.3 million).

The principal asset of the Target is the Hotel in Zhoushan City, Zhejiang Province, the PRC, which is managed by Yahua Hotel Management under the Hotel Management Agreement. Further information of the Target and the Hotel is disclosed in the section headed “Information of the Target” below.

Consideration

The Initial Consideration amounts to RMB120.0 million (equivalent to approximately HK\$134.4 million) and shall be adjusted to the Final Consideration according to the mechanism described in the paragraph headed “Adjustment mechanism” below. The Final Consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (i) 50% of the Final Consideration shall be payable by the Purchaser in cash within ten Business Days after the date of the SGM or such other date to be agreed by the Vendor and the Purchaser; and
- (ii) the remaining 50% of the Final Consideration shall be payable by the Purchaser in cash on the date of Completion or such other date to be agreed by the Vendor and the Purchaser.

The Initial Consideration was determined based on (i) the unaudited net liabilities of the Target of approximately RMB50.4 million (equivalent to approximately HK\$56.4 million) as shown in the management accounts of the Target prepared in accordance with the Hong Kong Financial Reporting Standards as at 30 June 2019 (the “**Unaudited Net Liabilities**”); (ii) the Shareholder’s Loan of RMB240.8 million (equivalent to approximately HK\$269.7 million) as at 30 June 2019, which shall be applied towards the satisfaction of the additional contribution to the registered capital in the Target to be made by the Vendor under the Capital Increase; and (iii) the unaudited book value of the Hotel as at 30 June 2019 of approximately RMB559.1 million (equivalent to approximately HK\$626.2 million) and applying a discount of approximately 12.6% to the unaudited book value of the Hotel.

The Final Consideration shall be satisfied by internal resources of the Group.

Adjustment mechanism

In the event that the net liabilities of the Target as at 30 June 2019 as shown in the audited accounts of the Target prepared in accordance with the Hong Kong Financial Reporting Standards (the “**Audited Net Liabilities**”) are more than the Unaudited Net Liabilities, the Initial Consideration shall be adjusted downwards by the excess liabilities amount on a dollar-for-dollar basis to arrive at the Final Consideration. If the Audited Net Liabilities are equal to or less than the Unaudited Net Liabilities, no adjustment will be made (i.e. the Final Consideration shall be the same as the Initial Consideration).

Conditions precedent

Completion is conditional upon the fulfillment of the following conditions:

- (i) the execution of the Agreement by the Vendor, the Purchaser and the Target;
- (ii) the obtaining of the approval of the Board in respect of the Agreement and the transactions contemplated thereunder;
- (iii) the obtaining of the approval of the Independent Shareholders by way of poll in the SGM in respect of the Agreement and the transactions contemplated thereunder pursuant to the Listing Rules;
- (iv) the valuation of the Hotel as at 30 June 2019 as assessed by an independent professional property valuer being not less than RMB560.0 million (equivalent to HK\$627.2 million);
- (v) Zhejiang Finance having agreed in writing to the Capital Increase and the Acquisition, and the Vendor having provided such written consents from Zhejiang Finance to the Purchaser;
- (vi) if required, Yahua Hotel Management having agreed in writing the Purchaser to be the transferee of the Equity Interest under the Agreement;
- (vii) if required, Yahua Hotel Management having agreed in writing that the Target has replaced Zhoushan Sansheng as the signing party to the Hotel Management Agreement;
- (viii) the Target having obtained of the new business license issued by the relevant PRC administration and commerce bureau, which indicates the completion of changes in business registration in the PRC in respect of the Capital Increase;
- (ix) all charges over the Equity interest in favour of Zhejiang Finance having been released and all corresponding regulatory filing procedures having been completed;
- (x) the Target having obtained the new business license issued by the relevant PRC administration and commerce bureau, which indicates the completion of the changes in business registration in the PRC in respect of the Acquisition; and
- (xi) all the representations and warranties given by the Vendor in the Agreement remaining true, accurate and not misleading in all material respects at Completion.

If the conditions above are not fulfilled on or before 31 December 2019 or such other date as the parties to the Agreement may agree in writing, the Agreement shall lapse and be of no effect, subject to the liability of any party to the Agreement in respect of any antecedent breaches of the terms of the Agreement.

Completion

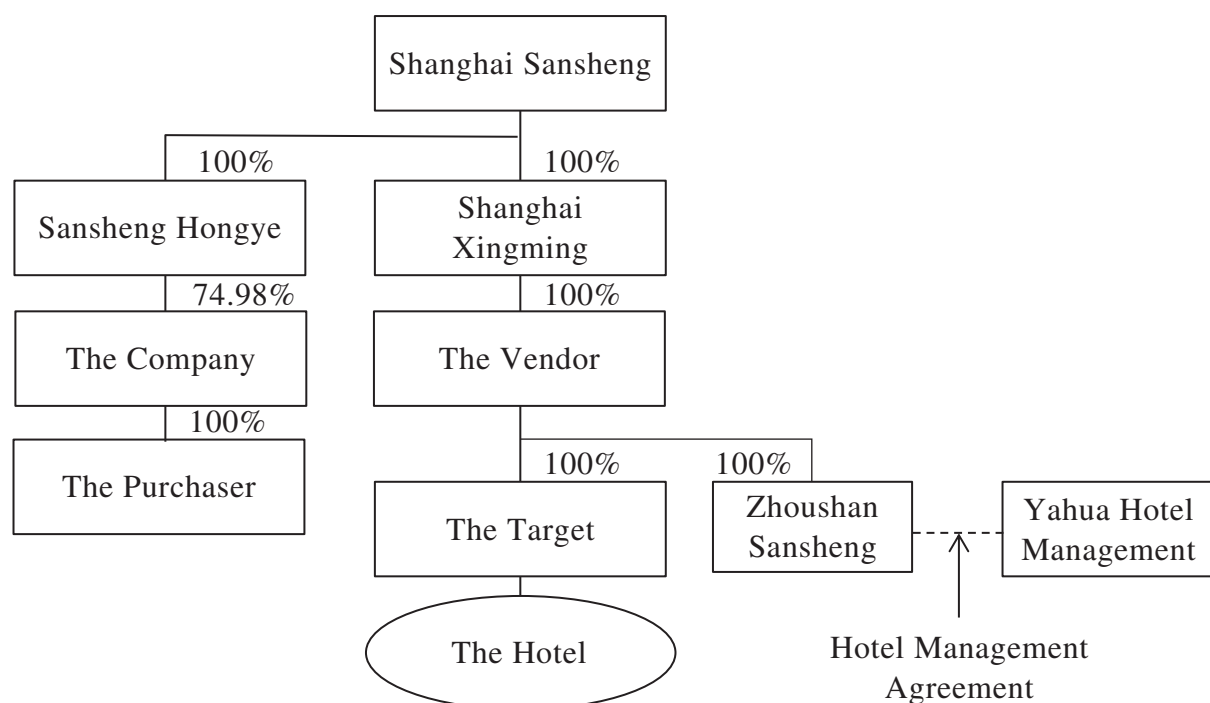
Completion shall take place on the 10th Business Day after the fulfillment of all the conditions set out above or such other date as the parties may agree in writing.

If at any time before Completion, the Purchaser or the Vendor (as the case may be) comes to know of any fact or event which is in any way inconsistent with the warranties given by the other party in the Agreement and/or suggests that any fact warranted by the other party in the Agreement may not be as warranted or may be misleading, the non-defaulting party may rescind the Agreement by giving written notice to the defaulting party.

Upon Completion, the Target will become an indirect wholly-owned subsidiary of the Purchaser and the financial results of the Target will be consolidated into the Group's consolidated financial statements.

INFORMATION OF THE TARGET

The Target is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Vendor as at the date of this announcement. The Target is principally engaged in hotel investment and hotel operation. Set out below is the chart depicting the relationship among the Vendor, the Target, the Group and parties to the Hotel Management Agreement as at the date of this announcement:



The principal asset of the Target is the Hotel. Located at Zhoushan City, Zhejiang Province, the PRC, the Hotel has a total gross floor area of approximately 33,113 sq.m and contains 253 sea view rooms, an 880 sq.m. ballroom, four function rooms, three restaurants, a large fit lounge and outdoor swimming pool. Construction of the Hotel was completed in 2018 and the Hotel was opened for business in November 2018.

Zhoushan City is in the south of the Yangtze River, which is a coastal area of Zhejiang Province on the fringe of Hangzhou Bay. It is the only city in the PRC established on the basis of a group of islands. The special geographic location together with a number of local attractions such as 普陀山 (Mount Putuo) and 嵊泗列島 (Shengsi Archipelago) made Zhoushan City one of the most popular tourist spots in the PRC. Mount Putuo is one of the four sacred mountains in Chinese Buddhism covered with many temples and monasteries, while Shengsi Archipelago comprises 394 islands with notable tourist attractions such as beaches and fish villages. Tourism is one of the fastest growing industries in Zhoushan City. Based on a survey conducted by 舟山市旅遊委員會 (Zhoushan City Tourism Commission*), the average annual growth rates of the revenue generated from tourism and number of tourists in Zhoushan City from 2014 to 2018 are approximately 18.6% and 17.8% respectively.

The Hotel situates by the seaside in the core commercial zone of Zhoushan City and directly connects to the main boulevard of Zhoushan City. It is 4 kilometres from 沈家門客運碼頭 (Shenjiamen Pier) and 7.5 kilometres from 蜈蚣峙碼頭 (Wugongzhi Pier), which have frequent and regular ferry lines to Mount Putuo, Ningbo City and Shanghai City.

The Hotel has been managed by Yahua Hotel Management pursuant to the Hotel Management Agreement, which was entered into between Zhoushan Sansheng and Yahua Hotel Management. Zhoushan Sansheng is a direct wholly-owned subsidiary of the Vender and was the owner of the Hotel. Yahua Hotel Management is a wholly-owned subsidiary of AccorHotels Group. AccorHotels Group operates over 4,300 hotels and resorts in around 100 countries under certain popular brandnames such as “Novotel”, “Pullman” and “Mercure”. At present, more than 150 hotels in the PRC are managed by AccorHotels Group. The Hotel was subsequently transferred to the Target as a result of restructuring. Notwithstanding the change of ownership of the Hotel, Yahua Hotel Management has continued to provide hotel management services to the Hotel pursuant to the Hotel Management Agreement. It is a condition precedent to Completion that Yahua Hotel Management shall agree in writing that the Target has replaced Zhoushan Sansheng as the signing party to the Hotel Management Agreement. The Hotel Management Agreement has a term of 15 years from 15 December 2011 which is extendable for a further 10 years by mutual agreement of the parties. Pursuant to the Hotel Management Agreement, Yahua Hotel Management provides comprehensive hotel management services to the daily operation of the Hotel, including usage of the brand name of “Pullman”, procurement of furniture, equipment and accessories, providing access to its established accounting system and sales and marketing system, provision of catering services, assistance in recruitment, training and supervision of employees, and building maintenance. Pursuant to the Hotel Management Agreement, the management fee receivable by Yuhua Hotel Management consists of a basic management fee and a bonus management fee. The basic management fee shall be calculated annually based on a fixed rate of 2.2% on the gross profit of the Target for the year ended 31 December 2018 and 2019, and a fixed rate of 2.1% for the financial years after 2019. The bonus management fee shall be calculated annually based on a variable rate on the operating profit of the Hotel ranging from 5% to 8%, depending on to the gross profit margin of the Hotel for that financial year.

The Hotel is under a finance lease arrangement with Zhejiang Finance. The finance lease has an initial principal amount of RMB400 million (equivalent to approximately HK\$448.0 million) and a term of 120 months effective from 30 January 2019. On the maturity date of the finance lease, the Target shall repurchase the Hotel at a consideration of approximately RMB23.9 million (equivalent to approximately HK\$26.8 million). As at 30 June 2019, the principal amount of the finance lease payable to Zhejiang Finance amounted to RMB390.1 million (equivalent to approximately HK\$436.9 million). The Equity Interest held by the Vendor is pledged in favour of Zhejiang Finance for the finance lease arrangement. Such pledge will be temporarily released for the purpose of the Acquisition and the Equity Interest shall be pledged in favour of Zhejiang Finance after Completion.

A summary of the financial information of the Target prepared in accordance with the Hong Kong Financial Reporting Standard is set out below:

	For the year ended 31 December 2017 (RMB'000) (unaudited)	For the year ended 31 December 2018 (RMB'000) (unaudited)	For the six months ended 30 June 2019 (RMB'000) (unaudited)
Revenue	–	1,994	18,218
(Loss) before tax	(932)	(6,167)	(67,080)
(Loss) after tax	(932)	(6,167)	(67,080)
			As at 30 June 2019 (RMB'000) (unaudited)
(Net liabilities)			(50,440)

The net loss of the Target for the year ended 31 December 2018 was mainly due to the arrangement fee associated with the finance lease arrangement with Zhejiang Finance of approximately RMB2.5 million (equivalent to approximately HK\$2.8 million). The net loss of the Target for the six months ended 30 June 2019 was mainly due to (i) the finance lease expenses of approximately RMB35.1 million (equivalent to approximately HK\$39.3 million) incurred under the finance lease arrangement with Zhejiang Finance in respect of the Hotel; (ii) depreciation of the Hotel of RMB10.0 million (equivalent to approximately HK\$11.2 million); and (iii) the staff costs incurred of RMB4.2 million (equivalent to approximately HK\$4.7 million),

The net liabilities of the Target as at 30 June 2019 represented the registered capital of RMB30.0 million (equivalent to approximately HK\$33.6 million) offset by the accumulated losses of approximately RMB80.4 million (equivalent to approximately HK\$90.0 million).

The original investment cost of the Target to the Vendor was approximately RMB270.8 million (equivalent to approximately HK\$303.3 million).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is currently engaged in property investment and leasing in Hong Kong and property project management in the PRC. It is also engaged in property development through its three property development projects in the PRC. It has been the strategy of the Group to continue consolidating and strengthening its existing property investment business while at the same time seeking new opportunities in the real estate sector to broaden its source of revenue.

As mentioned in the section headed “Information of the Target” above, Zhoushan City has been a popular tourist spot with a number of local attractions around the area which drives a rapid growth in tourism in recent years. According to 舟山市文化和廣電旅遊體育局 (Zhoushan Culture, Radio, Television, Tourism and Sports Bureau*), the local government focuses on developing tourism industry in Zhoushan City and strives to attract approximately 70 million tourists throughout early 2019, target to generate revenue of RMB100 billion in 2019, representing an increase of 11.4% from the previous year. On the back of the support of the local government and with the unique scenic and religious charms of Zhoushan City, the Directors are positive about the development of the tourism industry of Zhoushan City and believe there will be a growing number of tourists creating an increasing demand for hotel services. This is demonstrated by the occupancy rate of the Hotel reaching 50% during the six months ended 30 June 2019. The room rates of the Hotel are comparatively higher than those of the hotels of similar class in Zhoushan City due to the prime location at which the Hotel is situated offering full sea view to all guest rooms which is advantage over hotels in Zhoushan City located in the inland area.

The Directors have considered the following factors in contemplating the Acquisition: (i) the prospects of the tourism industry in Zhoushan City as described above; (ii) the growth potential of the revenue of the Hotel along with the development of tourism industry in Zhoushan City; (iii) the Hotel is managed and operated by Yahua Hotel Management under the renowned brand name of “Pullman” and is poised to seize the upscale and luxury segment of the market under the management of AccorHotels Group. Leveraging on the expertise and extensive network of AccorHotels Group in the hospitality industry, the Group will rely on the management services provided by Yahua Hotel Management and will not be required to incur significant human resources to actively participate in the daily operation of the Hotel; (iv) the Hotel is a newly built property which shall become one of the investments within the Group’s property portfolio with tremendous potential for capital appreciation; (v) the losses incurred by the Hotel during the year ended 31 December 2018 and the six months ended 30 June 2019 are not uncommon for a hotel which had a short operating history. The Directors expect the operating results of the Hotel will improve gradually when it builds up its popularity, driving its occupancy and room rates. In addition, the Group is exploring the possibility of arranging re-financing for the Hotel after Completion with a view to

lowering the finance costs associated with the Hotel in the long-run; and (vi) the Initial Consideration represents a discount to the unaudited book value of the Hotel of approximately 12.6%. Such discount was negotiated with a view to compensating the losses which may be incurred by the Target in the early years of operations of the Hotel after Completion.

Based on the above, the Directors (excluding the independent non-executive Directors whose view will be expressed after considering the advice of the Independent Financial Adviser) are of the view that the terms of the Agreement are fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As all the applicable percentage ratios in respect of the Acquisition are less than 25%, the Acquisition, on a standalone basis, constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Further, as disclosed in the circulars of the Company dated 10 January 2019 and 8 March 2019, Agile Scene Limited (an indirect wholly-owned subsidiary of the Company) acquired two property development projects from Sanshenghongye (BVI) Holdings Limited, a company wholly-owned by Shanghai Sansheng. The two previous acquisitions (in aggregate) constituted a major transaction of the Company pursuant to Chapter 14 of the Listing Rules. As the Vendor is also a wholly-owned subsidiary of Shanghai Sansheng, the Acquisition shall be aggregated with the two previous acquisitions pursuant to Rules 14.22 and 14A.81 of the Listing Rules for the purpose of compliance with the Listing Rules. As the Acquisition, when aggregated with the two previous acquisitions, remains to be a major transaction, the Company is only required to comply with the reporting and announcement requirements for a discloseable transaction under Chapter 14 of the Listing Rules in respect of the Acquisition.

As the Vendor is wholly owned by Shanghai Sansheng and Shanghai Sansheng is the holding company of Sanshang Hongye (the controlling Shareholder of the Company), the Vendor is a connected person of the Company under the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The SGM will be convened and held by the Company at which resolution(s) will be proposed to seek approval of the Independent Shareholders for the Acquisition by way of poll. Sansheng Hongye is interested in 843,585,747 Shares as at the date of this announcement (representing approximately 74.98% of the total number of issued Shares) and shall abstain from voting on the relevant resolution(s) at the SGM. Mr. Fan Xuerui has a material interest in the Acquisition by reason of his relationship being the son-in-law of Mr. Chen Jianming (the ultimate controlling shareholder of Sansheng Hongye) and has abstained from voting on the Board resolution approving the Acquisition.

The Independent Board Committee, comprising Mr. Hung Ka Hai Clement, Mr. Liew Fui Kiang and Mr. Wong Sai Tat, all being independent non-executive Directors, has been established to advise the Independent Shareholders on the Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition.

GENERAL

A circular which containing, among other things, (i) details of the Agreement; (ii) the letter of recommendation from the Independent Board Committee in respect of the Acquisition; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (iv) the valuation report on the Hotel; and (v) the notice of the SGM, is expected to be despatched to the Shareholders on or before 29 August 2019.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“AccorHotels Group”	Accor S.A. or AccorHotels, a French multinational hospitality company that owns, manages and franchises hotels and resorts
“Acquisition”	the acquisition of the Equity Interest by the Purchaser from the Vendor pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 8 August 2019 entered into among the Purchaser, the Vendor and the Target in relation to the Acquisition
“Board”	the board of Directors

“Business Day(s)”	a day(s) (other than a Saturday and Sunday and a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is issued or remains in effect in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong
“Capital Increase”	the increase in the registered capital of the Target to be satisfied by applying the entire amount of the Shareholder’s Loan as capital contribution by the Vendor to be implemented prior to Completion
“Company”	Zhongchang International Holdings Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 859)
“Completion”	completion of the Acquisition pursuant to the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Interest”	the entire equity interest in the Target at Completion to be acquired by the Purchaser from the Vendor under the Agreement
“Final Consideration”	the Initial Consideration after making the adjustment as described in the paragraph headed “Adjustment mechanism” under the section headed “The Agreement” in this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel”	Pullman Zhoushan Seaview (舟山三盛鉑爾曼大酒店), a hotel located in Zhoushan City, Zhejiang Province, the PRC

“Hotel Management Agreement”	the agreement dated 15 December 2011 entered into between Yahua Hotel Management and Zhoushan Sansheng in relation to the management service provided by Yahua Hotel Management in respect of the Hotel
“Independent Board Committee”	the independent committee of the Board comprising Mr. Hung Ka Hai Clement, Mr. Liew Fui Kiang and Mr. Wong Sai Tat, all being independent non-executive Directors, established to advise the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder
“Initial Consideration”	the consideration for the Equity Interest of RMB120.0 million (equivalent to approximately HK\$134.4 million) (subject to adjustment)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“Purchaser”	佛山快彤物业服务有限公司 (Foshan Express Property Service Co., Ltd.*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Sansheng Hongye”	Sansheng Hongye (Hong Kong) Limited (三盛宏業(香港)有限公司), a company incorporated in Hong Kong with limited liability and the controlling Shareholder
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“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 the holding company of Sansheng Hongye

“Shanghai Xingming”	上海興銘房地產有限公司 (Shanghai Xingming Real Estate Co., Ltd*), a company established in the PRC with limited liability
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Shareholder’s Loan”	the interest-free and unsecured shareholder’s loan owed by the Target to the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	舟山三盛酒店管理有限公司 (Zhoushan Sansheng Hotel Management Co., Ltd.*), a company incorporated in the PRC with limited liability which is wholly owned by the Vendor prior to Completion
“Vendor”	佛山三盛房地產有限責任公司 (Foshan Sansheng Real Estate Co., Ltd.*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of Shanghai Sansheng
“Yahua Hotel Management”	雅華酒店管理(上海)有限公司 (Yahua Hotel Management (Shanghai) Co., Ltd.*), a member of AccorHotels Group which is established in the PRC with limited liability and independent and not connected with the Company
“Zhejiang Finance”	浙江浙銀金融租賃股份有限公司 (Zhejiang Zheyin Finance Lease Co., Ltd.*), a company established in the PRC with limited liability
“Zhoushan Sansheng”	舟山三盛置業發展有限公司 (Zhoushan Sansheng Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Shanghai Sansheng

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metres
“%”	per cent.

Unless otherwise specified in this announcement, translations of RMB into HK\$ are made in this announcement, for illustration only, at the rate of RMB1.00 to HK\$1.12. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rate or at all.

By order of the Board of
Zhongchang International Holdings Group Limited
Pan Gongcheng
Chairman

Hong Kong, 8 August 2019

As at the date of this announcement, the Board comprises Mr. Pan Gongcheng (Chairman), Mr. Fan Xuerui, Mr. Sun Meng and Ms. Li Guang as executive Directors; and Mr. Hung Ka Hai Clement, Mr. Liew Fui Kiang and Mr. Wong Sai Tat as independent non-executive Directors.