THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Zhongchang International Holdings Group Limited**, you should at once hand this circular, together with the accompanying proxy form, to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

中昌國際
ZHONGCHANG INTERNATIONAL

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)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF A HOTEL IN ZHOUSHAN CITY; (2) RE-ELECTION OF DIRECTORS; AND (3) NOTICE OF SPECIAL GENERAL MEETING

Financial adviser to Zhongchang International Holdings Group Limited

OPTIMA CAPITAL

Optima Capital Limited

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

ALTUS CAPITAL LIMITED

A notice convening the special general meeting of Zhongchang International Holdings Group Limited to be held at Suite 2418, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong on Wednesday, 18 September 2019 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar and transfer office of Zhongchang International Holdings Group Limited, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting in person at the meeting or any adjournment thereof if you so desire.

29 August 2019

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"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
"Altus Capital"	Altus Capital Limited, a licensed corporation which is licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) regulated activities under the SFO
"Board"	the board of Directors
"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
"Enlarged Group"	the Group as enlarged by the Acquisition upon Completion
"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 the letter from the Board contained in this circular

"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
"Hotel Management Supplemental Agreement"	the supplemental agreement dated 28 November 2012 entered into among Yahua Hotel Management, Zhoushan Sansheng and the Target, pursuant to which Yahua Hotel Management agreed that the Target shall succeed all rights and liabilities of Zhoushan Sansheng under the Hotel Management Agreement
"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
"Independent Shareholders"	Shareholders who do not have any material interest in the Acquisition
"Initial Consideration"	the consideration for the Equity Interest of RMB120.0 million (equivalent to approximately HK$134.4 million) (subject to adjustment)
"Latest Practicable Date"	27 August 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"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 circular, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
"Purchaser"	佛山快彤物業服務有限公司 (Foshan Express Property Service Co., Ltd.*), a company established 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
"Sansheng Real Estate"	上海三盛房地產(集團)有限責任公司 (Shanghai Sansheng Real Estate (Group) Company Limited*), a company established in the PRC with limited liability which is owned as to 90% by Mr. Chen Jianming and as to 10% by Mr. Chen Lijun
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“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, and the re-election of Directors
“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 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 established 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 established 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 a third party independent of the Company and its connected persons

"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 the Vendor
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"km"	kilometres
"RMB"	Renminbi, the lawful currency of the PRC
"sq.m."	square metres
"%"	per cent.

Unless otherwise specified in this circular, translations of RMB into HK$ are made in this circular, 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.

* *for identification purpose only*

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)

Executive Directors:
Mr. Fan Xuerui *(Chairman)*
Mr. Pan Gongcheng
Mr. Sun Meng
Ms. Li Guang

Non-executive Director:
Mr. Wang Xin

Independent non-executive Directors:
Mr. Hung Ka Hai Clement
Mr. Liew Fui Kiang
Mr. Wong Sai Tat

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Suite 1711
Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

29 August 2019

To the Shareholders and, for information only, holders of convertible note of the Company

Dear Sir or Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF A HOTEL IN ZHOUSHAN CITY; AND (2) RE-ELECTION OF DIRECTORS

INTRODUCTION

Reference is made to the announcement of the Company dated 8 August 2019 in relation to the Agreement, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Equity Interest at the Initial Consideration of 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.

As one or more than one of the applicable percentage ratios in respect of the Acquisition exceeds 5% but all 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 respectively, Agile Scene Limited (an indirect wholly-owned subsidiary of the Company) acquired two property development projects from Sanshenghongye (BVI) Holdings Limited, a company indirectly wholly owned by Shanghai Sansheng through Sanshang Hongye. 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 is to be held by the Company to consider and, if thought fit, seek the approval of the resolution on the Agreement and the transactions contemplated thereunder by the Independent Shareholders by way of poll.

The Independent Board Committee comprising all the independent non-executive Directors, being Mr. Hung Ka Hai Clement, Mr. Liew Fui Kiang and Mr. Wong Sai Tat, has been established to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder. Altus Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder.

Mr. Pan Gongcheng, who was appointed by the Board as an executive Director on 5 June 2019 to fill the casual vacancy and Mr. Wang Xin, who was appointed by the Board as a non-executive Director with effect from 23 August 2019, shall in accordance with the bye-laws of the Company hold office until the SGM and shall be eligible for re-election at the SGM.

The purpose of this circular is to provide you with (i) details of the Agreement; (ii) the letter of recommendation from the Independent Board Committee in respect of the Agreement and the transactions contemplated thereunder; (iii) the letter of advice from Altus Capital to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder; (iv) the valuation report on the Hotel; (v) details about the re-election of Mr. Pan Gongcheng as an executive Director and Mr. Wang Xin as a non-executive Director; and (vi) the notice of the SGM.

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 Latest Practicable Date). 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 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 and paid-up 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 working days after the date of the SGM or such other date as may 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 as may 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.

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).

Following the signing of the Agreement, the audited figures of the Target have been finalised. Based on the audited figures, the Audited Net Liabilities amount to approximately RMB50.4 million, which are the same as the Unaudited Net Liabilities, no adjustment is required to be made to the Initial Consideration, and the Final Consideration shall be the same as the Initial Consideration, i.e. approximately RMB120.0 million (equivalent to approximately HK$134.4 million). The Final Consideration will be financed by internal resources of the Group.

Conditions precedent

Completion is conditional upon the fulfillment (unless otherwise waived by the Purchaser in writing) 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 approximately 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 the new business licence 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 licence 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 Purchaser shall be entitled to terminate the Agreement, in which case the Vendor shall return any amount received under the Agreement to the Purchaser.

As at the Latest Practicable Date, conditions (i), (ii), (iv), (vi), (vii) and (viii) have been fulfilled.

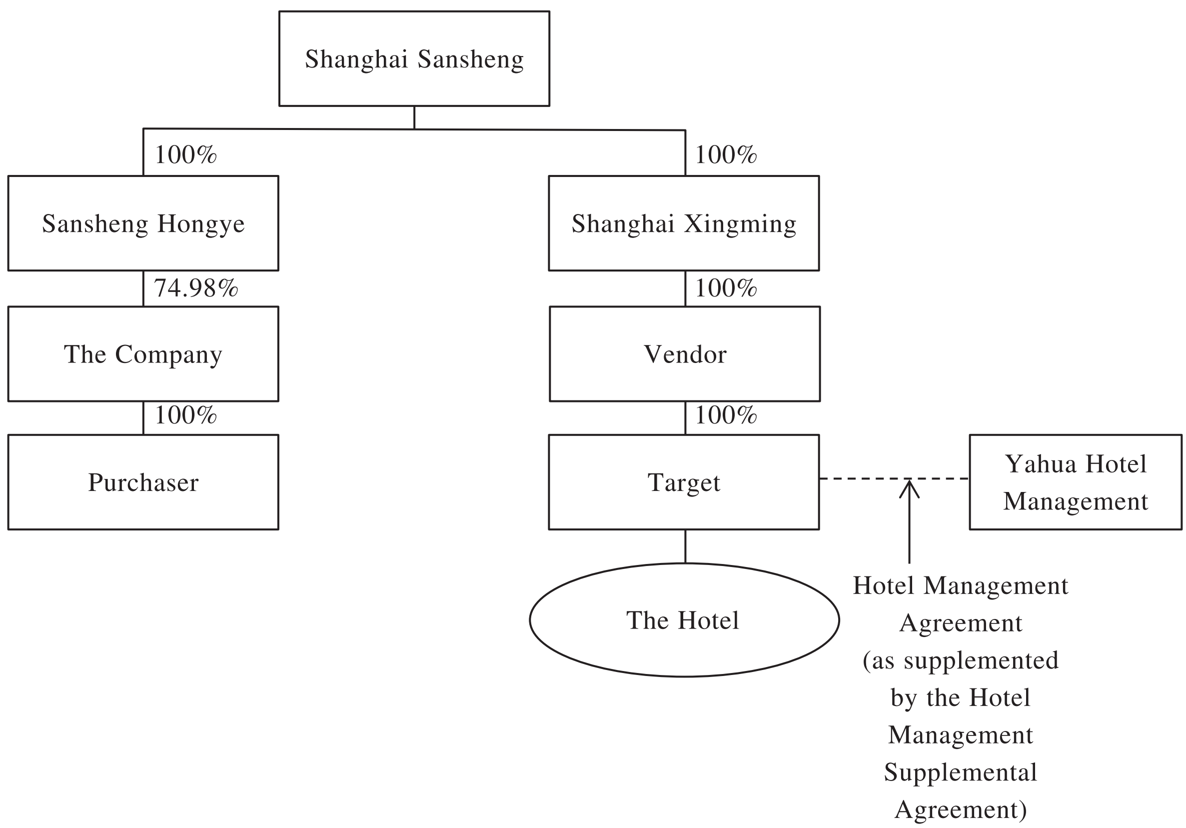
Completion

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

Upon Completion, the Target will become an indirect wholly-owned subsidiary of the Company 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 established in the PRC with limited liability and is a wholly-owned subsidiary of the Vendor as at the Latest Practicable Date. 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 Latest Practicable Date:



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 33,114 sq.m and contains 253 sea view rooms, an 880 sq.m. ballroom, four function rooms, three restaurants, a large fit lounge and an 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 km from 沈家門客運碼頭 (Shenjiamen Pier) and 7.5 km from 蜈蚣峙碼頭 (Wugongzhi Pier), where frequent and regular ferry lines to Mount Putuo, Ningbo City and Shanghai City are available. It is also 7.5 km from Zhoushan Airport which offers over 15 airlines covering North, East, South, Mid and South-west China.

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. The Hotel was subsequently transferred from Zhoushan Sansheng to the Target as a result of internal reorganisation of Shanghai Sansheng, and the Target has succeeded all the rights and liabilities of Zhoushan Sansheng under the Hotel Management Agreement pursuant to the Hotel Management Supplemental Agreement entered into among Zhoushan Sansheng, the Target and Yahua Hotel Management. 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 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 Yahua 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 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 to facilitate Completion and the Equity Interest shall be pledged in favour of Zhejiang Finance after Completion such that the finance lease arrangement will continue after Completion.

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

	For the year ended 31 December 2017	For the year ended 31 December 2018	For the six months ended 30 June 2019
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
	(audited)	(audited)	(audited)
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)
	(audited)
(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) 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) staff costs of RMB4.2 million (equivalent to approximately HK$4.7 million).

The Audited Net Liabilities of the Target as at 30 June 2019 of approximately RMB50.4 million (equivalent to approximately HK$56.4 million) 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 principally 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 drove 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 a short operating period from November 2018 to 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 in light of its superb location and 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 Altus Capital) 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.

As at the Latest Practicable Date, (i) the Group had not entered into any agreement, arrangement, understanding or undertaking and did not have any intention to downsize or dispose of its existing investment properties; and (ii) save for the Acquisition, the Group had no current intention to acquire other assets or businesses from Shanghai Sansheng and its subsidiaries.

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios in respect of the Acquisition exceeds 5% but all 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 respectively, Agile Scene Limited (an indirect wholly-owned subsidiary of the Company) acquired two property development projects from Sanshenghongye (BVI) Holdings Limited, a company indirectly wholly-owned by Shanghai Sansheng through Sanshang Hongye. 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 is to be held by the Company on Wednesday, 18 September 2019 at 10:30 a.m. to consider and, if thought fit, seek the approval of the resolution on the Agreement and the transactions contemplated thereunder by the Independent Shareholders by way of poll. Sansheng Hongye held 843,585,747 Shares as at the Latest Practicable Date (representing approximately 74.98% of the total number of issued Shares) and shall abstain from voting on the relevant resolution to be proposed at the SGM. Mr. Fan Xuerui has a material interest in the Acquisition by reason of his 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 Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors, being Mr. Hung Ka Hai Clement, Mr. Liew Fui Kiang and Mr. Wong Sai Tat, has been established to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder. Altus Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder.

RE-ELECTION OF DIRECTORS

Mr. Pan Gongcheng has been appointed as an executive Director with effect from 5 June 2019 and Mr. Wang Xin has been appointed as a non-executive Director with effect from 23 August 2019. In accordance with the Company's bye-law 86(2) and A.4.2 of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules, Mr. Pan Gongcheng and Mr. Wang Xin shall hold office until the SGM and shall be eligible for re-election. The nominations of Mr. Pan Gongcheng and Mr. Wang Xin were made in accordance with the nomination policy of the Company, having taken into account the background, skills, knowledge and experience of Mr. Pan Gongcheng and Mr. Wang Xin, taking into account the selection criteria as set out in the nomination policy of the Company and the objective criteria as set out in the board diversity policy of the Company, including but not limited to professional qualifications and experience, cultural and education background, gender, age and length of service. In view of Mr. Pan Gongcheng and Mr. Wang Xin's knowledge and experience as set out in Appendix II to this circular, the Board considered that Mr. Pan Gongcheng and Mr. Wang Xin would bring valuable perspectives, knowledge, skills and experience to the Board and would also contribute to the diversity of the Board. The biographies of Mr. Pan Gongcheng and Mr. Wang Xin are set out in Appendix II to this circular.

SGM

A notice convening the SGM to be held at Suite 2418, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong on Wednesday, 18 September 2019 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. At the SGM, ordinary resolutions will be proposed to approve the Agreement and the transactions contemplated thereunder, and the re-election of Mr. Pan Gongcheng as an executive Director and Mr. Wang Xin as a non-executive Director.

In accordance with Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the SGM will be taken by poll.

A proxy form for use at the SGM is enclosed herein. Whether or not you propose to attend the SGM or any adjournment thereof, you are requested to complete the proxy form in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so desire.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 13 September 2019 to 18 September 2019, both dates inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the SGM. In order to be eligible to attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 12 September 2019.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 17 of this circular; and (ii) the letter from Altus Capital set out on pages 18 to 33 of this circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders in connection with the Agreement and the transactions contemplated thereunder.

The Independent Board Committee, having taken into account the advice of Altus Capital, is of the opinion that the entering into of the Agreement and the transactions contemplated thereunder are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and are in the ordinary and usual course of business of the Group, and the Acquisition is in the interests of the Company and the Shareholders as a whole, and recommends the Independent Shareholders to vote in favour of the ordinary resolution approving the Agreement and the transactions contemplated thereunder at the SGM.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

The Board also recommends the Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the re-election of Mr. Pan Gongcheng as an executive Director and Mr. Wang Xin as a non-executive Director.

For and on behalf of
Zhongchang International Holdings Group Limited
Fan Xuerui
Chairman

中昌國際
ZHONGCHANG
INTERNATIONAL

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)

29 August 2019

To the Independent Shareholders,

Dear Sir or Madam,

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

We refer to the circular of the Company to the Shareholders dated 29 August 2019 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed by the Board as the members of the Independent Board Committee to consider and to give recommendation to the Independent Shareholders on the Agreement and the transactions contemplated thereunder. We wish to draw your attention to the letter from the Board set out on pages 5 to 16 of the Circular and the letter from Altus Capital set out on pages 18 to 33 of the Circular.

Having considered the factors and reasons considered by and the opinion of Altus Capital as stated in its letter, we are of the view that the Agreement and the transactions contemplated thereunder are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and are in the ordinary and usual course of business of the Group, and the Acquisition is in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution approving the Agreement and the transactions contemplated thereunder at the SGM.

Yours faithfully,
Independent Board Committee

Mr. Hung Ka Hai Clement	**Mr. Liew Fui Kiang**	**Mr. Wong Sai Tat**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of a letter of advice from, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, which has been prepared for the purpose of incorporation in this circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central, Hong Kong

29 August 2019

To the Independent Board Committee and the Independent Shareholders
Zhongchang International Holdings Group Limited
Room 1711, Times Square Tower Two
No. 1 Matheson Street
Causeway Bay
Hong Kong

Dear Sirs,

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

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition. Details are set out in the "Letter from the Board" contained in the circular dated 29 August 2019 (the "**Circular**") to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein or required by the context.

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 has agreed to acquire and the Vendor has 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 IMPLICATION

As one or more than one of the applicable percentage ratios in respect of the Acquisition exceeds 5% but all 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 indirectly wholly owned by Shanghai Sansheng through Sansheng Hongye. 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 Latest Practicable Date (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.

INDEPENDENT BOARD COMMITTEE

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 in respect of the Agreement and the transactions contemplated thereunder as to (i) whether the entering into of the Agreement is in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Agreement are on normal commercial terms, and are fair and reasonable as far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the entering into of the Agreement is in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Agreement are on normal commercial terms, and are fair and reasonable as far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

We have previously acted as the independent financial adviser to the Company with regards to (i) a continuing connected transaction; (ii) the acquisition of a property development project; and (iii) the acquisition of a non-controlling interest in a property development company. Details of such transactions were set out in the respective circulars of the Company dated 13 September 2018, 10 January 2019 and 8 March 2019. Save for the transactions described therein, we have not acted as an independent financial adviser or financial adviser for other transactions of the Group in the last two years from the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Agreement and the transactions contemplated thereunder is at market level and not conditional upon successful passing of the resolution to be proposed at the SGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling Shareholder(s) or connected person(s).

BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst others, (i) the Agreement; (ii) the annual report for the nine months ended 31 December 2018 ("**2018 Annual Report**") and the interim results announcement for the six months ended 30 June 2019 ("**2019 Interim Results Announcement**"), respectively, of the Company; (iv) the valuation report on the valuation of the Hotel as at 30 June 2019 (the "**Valuation Report**") and (v) other information as set out in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group. The Company will notify the Shareholders of any material change after the Latest Practicable Date and after the despatch of the Circular.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors:

1. Background information of the Group

1.1 Principal activities

The Company is an investment holding company and the principal business activities of the Group are property investment, property leasing, property development and provision of property project management services in Hong Kong and the PRC.

During the year ended 31 March 2018, the controlling equity interests in the Company were acquired by Sansheng Hongye, a wholly-owned subsidiary of Shanghai Sansheng, which is a conglomerate focusing on real estate development in the PRC and has been awarded "Top 100 China Real Estate Developers" (中國房地產百强企業), along with "Top 10 Profitability" and "Top 10 Operational Efficiency" and ranked 54th as the Top 100 China Real Estate Developers in 2018. Since then, the Group has continued to consolidate and strengthen its investment properties business in Hong Kong while simultaneously seeking new opportunities in the real estate sector in the PRC to broaden its source of revenue and earnings base by leveraging on the controlling Shareholder's successful experience and brand recognition in the PRC.

The Target is principally engaged in hotel investment and hotel operation and holds the Hotel as its principal assets. The Acquisition is therefore in the ordinary and usual course of business of the Group and is in line with Management's expansion plan into the real estate sector in the PRC which the Board considers to have good prospects and potential in creating value for the Company and the Shareholders.

1.2 Financial information of the Group

Set out below is a table summarising certain financial information of the Group extracted from the 2018 Annual Report and the 2019 Interim Results Announcement, respectively.

Extract of consolidated statement of profit or loss and other comprehensive income

	Year ended 31 March 2018	Nine months ended 31 December 2018 (Annualised)	Six months ended 30 September 2018	Six months ended 30 June 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	*(Unaudited)*
Revenue	47,241	43,716	19,092	23,425
Profit from operations	37,049	52,175	30,691	38,267
Profit before taxation	25,667	27,769	19,252	32,034
Profit for the year/period	20,702	23,121	16,746	29,326

Extract of consolidated statement of financial position

	As at 31 March 2018	As at 31 December 2018	As at 30 June 2019
	HK$'000	*HK$'000*	*HK$'000*
			(Unaudited)
Current assets	752,101	1,023,871	1,254,255
– Cash and bank balances	749,153	1,015,021	206,484
Non-current assets	1,930,358	1,949,555	2,349,080
Current liabilities	(25,967)	(35,286)	(652,225)
Non-current liabilities	(577,423)	(841,832)	(835,089)
Net assets	2,079,069	2,096,308	2,116,021

Source: 2018 Annual Report and 2019 Interim Results Announcement

The Group's annualised revenue for the nine months ended 31 December 2018 had dropped by approximately 7.5% as compared to that for the year ended 31 March 2018, which was mainly attributable to a drop in rental income following the disposal of two investment properties in Hong Kong by the Group in 2017. The Group's revenue for the six months ended 30 June 2019 increased by approximately 22.7% as compared to that for the six months ended 30 September 2018 primarily due to the new segment revenue from provision of property project management services in the PRC since fourth quarter of 2018.

Meanwhile, we noted that the Group's cash and bank balances as at 30 June 2019 had decreased significantly by approximately 79.7% compared to that as at 31 December 2018 which was mainly attributable to the Zhenjiang Acquisition, the Jinhua Acquisition and the acquisition of Lin'an Land (as disclosed in the circulars of the Company dated 10 January 2019, 8 March 2019 and 12 July 2019, respectively). We also noted that the Group's non-current assets as at 30 June 2019 had increased by approximately 20.5% compared to that as at 31 December 2018. This was primarily due to the acquisition of 49% equity interest in Yitai which was completed in April 2019. Meanwhile the Group's current liabilities as at 30 June 2019 was 18.5 times larger than that as at 31 December 2018 primarily due to the increase in bank and other borrowings by the Group to meet its funding requirements. The Group's non-current liabilities as at 30 June 2019 remained relatively the same compared to that as at 31 December 2018. Overall, the Group's business operations have been stable and the Group has maintained a relatively strong financial position.

2. Background information of the Target

2.1 Principal business activities and assets

The Target is a company established in the PRC and is principally engaged in hotel investment and hotel operation. The principal asset of the Target is the Hotel.

The 20-storey Hotel is located at No. 711 Haizhou Road, Putuo District Zhoushan 316000, Zhejiang Province, PRC. Situating by the seaside in the core commercial zone of Zhoushan City, the Hotel directly connects to the main boulevard of Zhoushan City which is next to Putuo District Government, eight minutes' drive to the Mount Putuo Airport and two hours' drive from Ningbo City. The Hotel is also four kilometres from Shenjiamen Pier and seven and a half kilometres from Wugongzhi Pier which have frequent and regular ferry lines to Mount Putuo, Ningbo City and Shanghai City.

The Hotel has a total gross floor area of approximately 33,114 sq.m. and is equipped with an 880 sq.m. ballroom and four function rooms that meet the needs of conferences, business events or wedding. There are three unique restaurants and bars, one of which offers authentic Cantonese and Zhoushan local specialities. Recreation facilities also include a fully equipped gymnasium, a free-form outdoor swimming pool, chess room and spa center. Out of the 253 Hotel rooms, 242 rooms have an average of 47 sq.m and 11 rooms have an average of 119 sq.m.. All rooms in the Hotel offer an over-sized marble bathroom and deluxe amenities including 50-inch or 60-inch liquid-crystal display television, wireless technology speaker, luxury brand custom amenities, etc. Construction of the Hotel was completed in 2018 and the Hotel was opened for business in November 2018.

2.2 *Financial information of the Target*

Set out below is a table summarising certain audited financial information of the Target:

	Six months ended 30 June 2019 *RMB'000* *(Audited)*
Revenue	18,218
Selling expenses	(1,448)
Administrative expenses	(20,315)
– Depreciation	*(10,004)*
Finance costs	(35,135)
Loss for the period	(67,080)

	As at 30 June 2019 *RMB'000* *(Audited)*
Current assets	76,364
Non-current assets	584,694
– Property, plant and equipment	*559,073*
Non-current liabilities	(341,436)
Net liabilities	(50,440)

The principal asset of the Target is the Hotel which has opened for business since November 2018. As shown above, the Target recorded a net loss of approximately RMB67.1 million (equivalent to approximately HK$75.1 million) for the six months ended 30 June 2019, which was mainly due to (i) 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 approximately RMB10.0 million (equivalent to approximately HK$11.2 million); and (iii) the staff costs of approximately RMB4.2 million (equivalent to approximately HK$4.7 million).

Further, the Target recorded a net liabilities position of approximately RMB50.4 million as at 30 June 2019, comprising its registered capital of RMB30.0 million (equivalent to approximately HK$33.6 million) that is offset by the accumulated loss of approximately RMB80.4 million (equivalent to approximately HK$90.0 million).

3. Background and terms of the Agreement

Pursuant to the Agreement, the Purchaser agreed to acquire and the Vendor agreed to sell the Equity Interest at the Initial Consideration of 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. To assess the fairness and reasonableness of the Acquisition, we have considered the following terms of the Agreement.

3.1 The consideration for the Acquisition

The Initial 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 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 (the "**Shareholder's Loan Capitalisation**"); 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 "**Discount Application**"). Below is a table setting out the workings of (i) the Unaudited Net Liabilities; (ii) the unaudited net assets of the Target after Shareholder's Loan Capitalisation; and (iii) the unaudited net assets of the Target after the Shareholder's Loan Capitalisation and the Discount Application.

	As at 30 June 2019	**After Shareholder's Loan Capitalisation**	**After Shareholder's Loan Capitalisation and Discount Application**
	RMB million	*RMB million*	*RMB million*
Hotel	559.1	559.1	488.7
Shareholder's Loan	(240.8)	–	–
Other assets/(liabilities)	(368.7)	(368.7)	(368.7)
– Finance lease	*(390.1)*	*(390.1)*	*(390.1)*
Net assets/(liabilities)	(50.4)	190.4	120.0

As shown in the table above, when determining the Initial Consideration of the Acquisition, there is a 12.6% discount applied on the unaudited book value of the Hotel. We also noted that the Initial Consideration of RMB120.0 million (which is also the unaudited net asset value of the Target after the Shareholder's Loan Capitalisation and the Discount Application) represents a discount of approximately 37.0% to the unaudited net asset value of the Target after Shareholders' Loan Capitalisation. We are of the view that such discount to the unaudited net asset value of the Target is favourable to 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), thereby putting a cap on the Final Consideration. In view of the above, we consider the adjustment mechanism is advantageous to the Group. In any event, as at the Latest Practicable Date, the audited figures of the Target have been finalised. Based on the audited figures, the Audited Net Liabilities amount to approximately RMB50.4 million, no adjustment is required to be made to the Initial Consideration, and the Final Consideration shall be the same as the Initial Consideration.

Payment method

The Final Consideration shall be payable by the Purchaser to the Vendor in cash within ten Business Days after the date of the SGM and on the date of Completion. We noted that as at 30 June 2019, the Group had cash resources of approximately HK$206.5 million. The Group's cash resources are sufficient compared with the Final Consideration. Based on such adequate internal resources and our discussion with the Management, we noted that the financial position of the Group will not be materially affected by the payment of the Final Consideration after the Completion. We are therefore of the view that the aforesaid payment method is fair and reasonable. For details of the financial effects of the Acquisition on the cashflow of the Group, please refer to the paragraph headed "5.3 Cashflow".

Valuation of the Hotel

When assessing the fairness of the Initial Consideration as well as the Final Consideration, we have in particular considered the Valuation Report. In this respect, we noted that an independent professional valuer, being Cushman & Wakefield (the "**Valuer**"), has been appointed to conduct a valuation of the Hotel as at 30 June 2019, details of which are set out in Appendix I to the Circular.

In assessing the competence and experience of the Valuer, we have performed the following due diligence work:

(i) reviewed the scope of work of the Valuer as stated in the engagement letter and we are satisfied that the scope of work is sufficient and appropriate for the Acquisition; and

(ii) reviewed the Valuer's qualification and experience in relation to the preparation of the Valuation Report and noted that the Valuer is a prominent global commercial real estate services firm with a management team possessing a diverse set of backgrounds across complementary expertise and disciplines. In particular, the principal signing off the Valuation Report is a Registered Professional Surveyor who has over 26 years of experience in the valuation of properties in the PRC.

We have reviewed the Valuation Report and understand the valuation was carried out on a market value basis, which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

According to the Valuation Report, the valuation of the Hotel is carried out using the direct comparison approach by making reference to comparable sales evidence available in the market (the "**Valuation Approach**"). We understand from the Valuer that the Valuation Approach is commonly adopted when determining the market value of a hotel at such preliminary stage of operation. We noticed there are precedent cases in the market where the Valuation Approach was similarly adopted for hotels in preliminary stages of operation. We therefore concur with the Valuer that the Valuation Approach is commonly adopted for such hotels.

In valuing the Hotel, the Valuer excluded an estimated price inflated or deflated by special terms or circumstances including atypical financing, sale and lease back arrangements etc. Given that the purpose of the Valuation Report is to give a market value (on the basis of willing buyer and willing seller) of the Hotel without the effects of the Sale-leaseback Arrangement (as defined below), we are of the view that such assumption for valuing the Hotel is fair and reasonable. The effects of the Sale-leaseback Arrangement are separately reflected in the Target's Unaudited Net Liabilities and have been taken into consideration when determining the Initial Consideration. The valuation of the Hotel was prepared with reference to the PRC legal opinion of the legal adviser, being Grandall Law Firm (Shanghai) (the "**Legal Adviser**") on the basis that transferable land use rights in respect of the Hotel for its specific term at nominal annual land use fee has been granted and that any premium payable has already been fully paid.

In this case, the Valuation Approach derived a market value of the Hotel as at 30 June 2019 of approximately RMB570 million (equivalent to approximately HK$638.2 million), which is higher than the RMB559.1 million (equivalent to approximately HK$626.2 million) book value of the Hotel as at 30 June 2019. We have obtained from the Valuer details of the selected market comparable sales evidence applied in the valuation of the Hotel. In particular, the Valuer has identified and analysed various relevant sales evidence of real estate properties in the locality which have similar characteristics, such as the operation condition and location, with the Hotel. The selected comparables are five-star hotels located in the tourism area of Hangzhou City and serviced apartment building located in Zhoushan City, which were transacted in 2018 and 2019. Similar to the Hotel, such comparables mainly host tourists who are on vacation for sightseeing. We noted the comparable transactions are adjusted where the Valuer considered appropriate based on differences in several aspects, including physical characteristics and location, among the Hotel and the comparables. Based on our discussion with the Valuer, the general basis of adjustment of physical characteristics (such as age, number of rooms and layout) and location (such as distance from tourism sites) is that, if the comparables are better than the Hotel, a downward adjustment is made and vice versa.

Given that (i) the comparables are located in tourism areas similar to Zhoushan City; (ii) the comparables were transacted in the recent two years; (iii) the comparables similarly mainly target tourists; and (iv) necessary adjustments were made to address the differences among the comparables and the Hotel, we are of the view that the comparables are a fair and representative sample.

Summary

In summary, having considered:

(i) the valuation methodology adopted by the Valuer is commonly adopted for determining the value of such hotel at preliminary stage of operation;

(ii) the assumptions and underlying basis for valuation of the Hotel is fair and reasonable; and

(iii) the appraised value of the Hotel in the Valuation Report is higher than the book value of the Hotel.

We are of the view that the basis of determining the Initial Consideration, and hence Final Consideration, for the Acquisition is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole.

3.2 Conditions precedent and Completion

The Completion is conditional upon the fulfilment of (unless the Purchaser agrees to waive or delay the fulfilment of) certain conditions, details of which can be found in the "Letter from the Board" of the Circular. In particular, item (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) guards against the deterioration of the valuation of the Hotel that will lower the discount on the Hotel offered to the Purchaser. Other conditions such as the approval of the Board and Independent Shareholders to be obtained in respect of the Agreement, and the consensus to be reached between Zhejiang Finance and Yahua Hotel Management regarding the Acquisition and the Hotel Management Agreement, keep the Acquisition transaction in order and protect the interests of the Purchaser. We are of the view that the Acquisition will be perfected by Completion after the conditions precedent as stipulated in the Agreement are fulfilled.

The Completion shall take place on the 10th Business Day after the fulfilment, or where permitted the waiver in writing, of all the conditions precedents under the Agreement. 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.

4. Information about the Hotel

4.1 Hotel operations

4.1.1 Hotel management services

The Hotel is managed by Yahua Hotel Management, a wholly-owned subsidiary of AccorHotels Group which manages more than 150 hotels in the PRC. It provides comprehensive hotel management services to the daily operation of the Hotel including, amongst others, procurement of furniture, equipment and marketing system, assistance in recruitment, training and supervision of employees and building maintenance. Pursuant to the Hotel Management Agreement, the management fee receivable by Yahua Hotel Management consists of a basic management fee and a bonus management fee which are dependent on the gross profit and operating profit of the Hotel, respectively. Details of the Hotel Management Agreement can be found in the "Letter from the Board" of the Circular.

4.1.2 Finance lease arrangement

The Hotel is under a finance lease arrangement with Zhejiang Finance (the "**Sale-leaseback Arrangement**"). Pursuant to the supplemental finance lease agreement entered into between Zhejiang Finance and the Target on 30 January 2019, the finance lease has an initial principal amount of RMB400 million (equivalent to approximately HK$448.0 million) with a term of 120 months effective from 30 January 2019. The Target shall repurchase the Hotel at a consideration of approximately RMB23.9 million (equivalent to approximately HK$26.8 million) on the maturity date. The Equity Interest held by the Vendor is pledged in favour of Zhejiang Finance for the Sale-leaseback Arrangement. The costs in relation to future obligations of the Sale-leaseback Arrangement will be financed by the Group's internal resources, external financing from bank(s) and/or financial institution(s) and/or shareholders' loan.

We noted that the property right of the Hotel, under the Sale-leaseback Arrangement, had been transferred to Zhejiang Finance. We have conducted an interview with the Legal Adviser and understand that the operating risk under such arrangement is low to the Group.

4.1.3 Hotel operational performance

We noted that the net loss of the Target for the six months ended 30 June 2019 was approximately RMB67.1 million (equivalent to approximately HK$75.1 million). For details of the financial information of the Target, please refer to the paragraph headed "2.2 Financial information of the Target". With reference to the financial information of the Target, depreciation and interest expenses are the two main expense items of the Target. Meanwhile, as the Hotel is still at its initial stage of operation, occupancy rate is still relatively low for the first seven months of 2019, averaging approximately 40%. However, the occupancy rate has improved progressively to approximately 64% as at 31 July 2019. We understand from the Management that it is usual for a new hotel to record net loss during the initial stage of operations when occupancy rate is suboptimal given a short operating history. In respect of the Sale-leaseback Arrangement, the interest expenses will decrease progressively year by year and the Group may explore the possibility of re-financing after Completion with a view to lowering the finance costs associated with the Hotel at an appropriate time. The Directors expect the operating results of the Hotel will improve gradually when it builds up its popularity which will drive its occupancy and room rates.

The Hotel is fully operational albeit at initial stage and is managed and operated by Yahua Hotel Management under the renowned brand name of "Pullman" with the Hotel Management Agreement in place having a term that is extendable for a further 10 years by mutual agreement upon expiration on 15 December 2026. The developmental and operational risk of the Hotel is therefore minimal. In addition, as illustrated in the paragraph headed "3.1 The consideration for the Acquisition", acquiring the Target in the early years of operations of the Hotel has allowed the Company to negotiate for a discount of 37.0% to the net asset value of the Target (after Shareholder's Loan Capitalisation) which can be viewed as a compensation for the current net loss. On this basis, we concur with the Directors that the Acquisition is in the interests of the Company and the Shareholders as a whole.

4.2 Outlook of Zhoushan City and its tourism industry

Zhoushan City is a popular tourist destination in the PRC with a number of local attractions around the area such as 普陀山 (Mount Putuo) and 嵊泗列島 (Shengsi Archipelago). The development of Zhoushan hotel industry hinges on its local tourism, which by a large extent is correlated to its transportation, infrastructure system and government policies.

In recent years, tourism has become one of the fastest growing industries in Zhoushan. According to the "Letter from the Board" of the Circular, the average annual growth rates of revenue generated from tourism and number of tourists in Zhoushan City from 2014 to 2018 were approximately 18.6% and 17.8% respectively. Likewise, the local government continues to support the tourism industry in Zhoushan City and strives to attract approximately 70 million tourists throughout early 2019 with a target of generating revenue of RMB100 billion in 2019, representing an increase of 11.4% from the previous year.

Large scale projects such as 綠色石化項目 (Green petrochemical project*) and 波音項目 (Boeing project*) located at the Zhejiang Pilot Free Trade Zone and Zhujiajian respectively generate continuous flow of resources and people into Zhoushan City, creating new business and leisure opportunities to the area. Similarly, according to 普陀山佛教網 (Mount Putuo Buddhist Network), the construction of the 觀音文化園 (Guanyin cultural park*) with a total area of approximately nine square kilometres located in the Zhoushan City is expected to complete by 2020. The objective of the project is to develop a Buddhist cultural theme park within the area to attract more tourists.

Meanwhile, the expert review for《甬舟高速公路複綫綫位方案論證報告》(“Yongzhou highway report”*) and《甬舟高速公路複綫金塘至大沙段工程可行性研究報告》(“Yongzhou highway report – Jintang to Dasha section”*) was successfully passed in June 2019, forming a solid foundation for the next stage of work of the 甬舟項目 (Yongzhou project*). The construction of the new highway and comprehensive infrastructure network aims to strengthen the economic and industrial activities in Zhoushan City and to accelerate the integration of Zhoushan City into Ningbo urban area and Hangzhou Bay.

Both the large scale projects and infrastructure plan as mentioned above correspond to government’s strategy to build and develop the Hangzhou Greater Bay Area located in the Zhejiang Province in the hope that it will promote the integration and industrial upgrading at the Yangtze River Economic Zone which plays a key role in China’s economic development.

In terms of government policies, Zhoushan City was included in “第二批國家全域旅游示範區”(“The second batch of National Tourism Demonstration Zone”) issued by the China National Tourism Administration in November 2016. The establishment of the National Tourism Demonstration Zone is to promote tourism innovation, cooperation and green development so as to build a high-quality and efficient tourism development system across China.

In order to align with the Chinese government in promoting tourism in Zhoushan City, the local government and 舟山市旅游委員會 (Zhoushan City Tourism Committee) have constructed the tourism development framework for 2019, being“一品牌”,“二目項”,“三重點”,“四主題” and“五突破”, which represents (i) building the brand of “中國海上花園城市”(“Garden city on the sea of China”*); (ii) developing an internationally renowned island leisure destination and a world-class Buddhist cultural tourism destination; (iii) focusing on the three key projects including creating national A-level scenic spots, attracting tourism investments and expanding customer base; (iv) developing the four forms of tourism, namely, cultural tourism, marine tourism, urban tourism and rural tourism; and (v) having breakthroughs in five areas including internationalisation, globalisation, intelligence, diversification, and branding.

Having considered that (i) there is strong track record of the tourism industry in the Zhoushan City; (ii) the large scale projects and infrastructure plan will bring about positive impact to the tourism industry as well as the hotel industry in Zhoushan City; (iii) the government policies are in favour of the local tourism industry of Zhoushan City, we concur with the Directors’ view that there is fundamental support and potential growth for the hotel industry in Zhoushan City.

4.3 Summary

Having considered (i) that the occupancy rate of the Hotel had increased progressively during the first seven months of operation; (ii) net loss for a newly opened hotel is common in the industry; (iii) the Company can acquire the Target at a discount to the net asset value of the Target after Shareholder's Loan Capitalisation; and (iv) the outlook of Zhoushan City and its tourism industry supports the future growth of the Hotel, we concur with the Directors that the Acquisition is in the interests of the Company and in turn, in the interests of the Shareholders as a whole from the perspective of market potential.

5 Financial effects of the Acquisition on the Group

5.1 Profit and loss

Since the Group would be interested in 100% of the equity interest in the Target after Completion, the Target will become an indirect wholly-owned subsidiary of the Group and the financial results of the Target will be consolidated into the Group's consolidated financial statements as a single economic entity. As such, the performance of the Target will directly affect the statement of profit or loss of the Group. For details of the Hotel operational performance, please refer to the paragraph headed "4.1.3 Hotel operational performance".

5.2 Assets, liabilities and gearing

As the Group is acquiring 100% of the equity interest in the Target, the Group will obtain control of the Target upon Completion and the financial position of the Target will be consolidated into the Group's consolidated financial statements. Based on the Management's estimation, it is expected that, the total assets of the Group as at 30 June 2019 would increase from approximately HK$3,603.3 million to approximately HK$4,209.3 million; and its total liabilities as at 30 June 2019 would increase from approximately HK$1,487.3 million to approximately HK$2,014.5 million upon Completion. As a result, the gearing of the Group on the basis of total liabilities over total assets, will increase from 41.3% to 47.9%.

5.3 Cashflow

The cash outflow for the settlement of the Final Consideration is the major cashflow impact associated with the Acquisition. The Initial Consideration, which is subject to adjustment as described in the paragraph headed "3.1 The Consideration for the Acquisition" above, of approximately RMB120.0 million (equivalent to approximately HK$134.4 million) is to be satisfied by cash. The Group had cash and bank balances of approximately HK$206.5 million as at 30 June 2019 which is sufficient for the cash payment for the Acquisition.

RECOMMENDATION

Having considered the above principal factors, we are of the view that:

(i) the Agreement is on normal commercial terms; is fair and reasonable so far as the Independent Shareholders are concerned; and is entered into in the ordinary and usual course of business of the Group; and

(ii) the Acquisition is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution approving the Acquisition and the Agreement at the SGM.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Chang Sean Pey
Executive Director

*Mr. Chang Sean Pey ("***Mr. Chang***") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 20 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of the market value in existing state of the Hotel as at 30 June 2019.

CUSHMAN & WAKEFIELD
戴德梁行

16/F, Jardine House
1 Connaught Place
Central
Hong Kong

29 August 2019

The Board of Directors
Zhongchang International Holdings Group Limited
Suite 1711
Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Dear Sirs,

Re: Pullman Zhoushan Seaview, No 711 Haizhou Road, Putuo District, Zhoushan City, Zhejiang Province, the People's Republic of China
中華人民共和國浙江省舟山市普陀區海洲路711號舟山三盛鉑爾曼大酒店
(the "Hotel")

Instructions, Purpose & Valuation Date

In accordance with the instructions from Zhongchang International Holdings Group Limited (the "**Company**") for us to carry out the valuation of the market value of the Hotel held ultimately by 舟山三盛酒店管理有限公司 (Zhoushan Sansheng Hotel Management Co., Ltd*) (the "**Target**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market value of the Hotel in existing state as at 30 June 2019 (the "valuation date").

Definition of Market Value

Our valuation of the Hotel represents its Market Value which in accordance with HKIS Valuation Standards 2017 published by The Hong Kong Institute of Surveyors ("**HKIS**") is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

* *For identification only.*

Valuation Basis & Assumptions

Our valuation of the Hotel excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuation of the Hotel held by the Target in the PRC, with reference to the PRC legal opinion of the legal adviser, 國浩律師(上海)事務所 (Grandall Law Firm (Shanghai)), we have prepared our valuation on the basis that transferable land use rights in respect of the Hotel for its specific term at nominal annual land use fee has been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company and the PRC legal opinion of the Company's legal adviser, dated 26 August 2019, regarding the title to the Hotel and the interest in the Hotel. In valuing the Hotel, we have prepared our valuation on the basis that the owner has enforceable title to the Hotel and have free and uninterrupted rights to use, occupy or assign the Hotel for the whole of the unexpired term as granted.

No allowance has been made in our valuation for any charges, pledges or amounts owing on the Hotel nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the Hotel is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

Method of Valuation

In valuing the Hotel, which is held by the Target for operation in the PRC, we have principally adopted Direct Comparison Approach by making reference to comparable sales evidences as available in the market.

In valuing the Hotel, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and HKIS Valuation Standards 2017.

Source of Information

We have relied to a very considerable extent on the information given by the Company and the opinion of the PRC legal adviser as to PRC laws. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of Hotel, particulars of occupancy, book cost, operation status, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are therefore only approximation. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided by the Company with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Site Inspection

Our Shanghai office valuer, Mr. Sherry Shi (China Real Estate Appraiser with 5 years' experience), has inspected the exterior and, wherever possible, the interior of the Hotel in July 2019. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the Hotel is free of rot, infestation or any other structural defects. No tests were carried out to any of the services.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor area of the Hotel and we have assumed that the areas shown on the copies of documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuation are in Renminbi, the official currency of the PRC.

We attach herewith a valuation report.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Philip C Y Tsang
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Director

Note: Mr. Philip C Y Tsang is a Registered Professional Surveyor who has over 26 years' experience in the valuation of properties in the PRC.

VALUATION REPORT

Hotel held by the Target for operation in the PRC

Hotel	**Description and tenure**	**Particulars of occupancy**	**Market value in existing state as at 30 June 2019**
Pullman Zhoushan Seaview, No 711 Haizhou Road, Putuo District, Zhoushan City, Zhejiang Province, the PRC	The Hotel, Pullman Zhoushan Seaview, is erected on a parcel of land with a site area of 9,640 sq m. Construction of the Hotel was completed in 2018. The Hotel is 20 stories high above ground with 253 guest rooms, a grand ballroom and 4 multi-functional meeting rooms, three restaurants and a lounge. Car parking spaces are provided in the 2-level basement. According to the Real Property Certificate provided by the Company, the Hotel comprises total gross floor area of 33,113.83 sq m (above ground) with details as below: **Portion** / **Gross Floor Area** *(sq m)* Hotel L1-L20: 33,113.83 Basement: 14,036.22 Grand Total: 47,150.05 Zhoushan City is a tourist spot. The Hotel is located at No 711 Haizhou Road, Putuo District, Zhoushan City, Zhejiang Province. Developments nearby are mainly commercial, office, sightseeing and residential development. According to the Company, there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the Hotel. The land use rights of the Hotel have been granted for a term from 30 September 2007 to 29 September 2047 for commercial, restaurant and hotel use.	The Hotel was opened for business in November 2018 and is currently operated as Pullman Zhoushan Seaview.	RMB570,000,000 (RENMINBI FIVE HUNDRED SEVENTY MILLION DOLLAR)

Notes:

(1) According to Real Estate Title Certificate No. (2019)0000681 dated 30 January 2019 (浙(2019)普陀區不動產權第0000681號), the land use rights of the Hotel, comprising a total site area of approximately 9,640 sq m and a total gross floor area of 33,113.83 sq m, has been vested to 浙江浙銀金融租賃股份有限公司 Zhejiang Zheyin Finance Lease Co., Ltd.*) ("Zhejiang Finance") for a term from 30 September 2007 to 29 September 2047 for commercial, restaurant and hotel use.

Please refer to the PRC legal opinion in Note 5 below.

(2) According to Land Use Rights Grant Contract No. (2007)174 dated 21 October 2011 and its Supplementary Contract dated 17 April 2013:

(i)	Grantee	:	The Target
(ii)	Location	:	No. 711 Haizhou Road, Putuo District,
(iii)	Site Area	:	9,640 sq m
(iv)	Land Use	:	Commercial, theatre and hotel
(v)	Plot Ratio	:	Not more than 3.5
(vi)	Land Premium	:	RMB21,159,800
(vii)	Land Use Term	:	40 years

(3) According to Construction Project Planning Permit No. (2013) 0942025 dated 21 May 2013, the construction scale of the project has total gross floor area of 47,426.17 sq m (in which the basement has total gross floor area of 14,036.22 sq m).

(4) According to Business Licence No. 91330900055521639G, the Target Company was established as a limited liability company with a registered capital of RMB30,000,000 for a valid operation period from 12 October 2012 to 11 October 2032.

(5) According to the PRC legal opinion:

(i) the Hotel is under a finance lease arrangement between the Target and Zhejiang Finance. The finance lease has an initial principal amount of RMB400 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

(ii) Zhejiang Finance becomes the owner of the Hotel based on the finance lease arrangement; and

(iii) the Target has the right to buy back the Hotel after the finance lease expired. Upon the Target settling all the rent and other payables to Zhejiang Finance under the finance lease arrangement, Zhejiang Finance shall cooperate with the procedures for the transfer of ownership of the Hotel to the Target including, but not limited to, the issuance of the "Confirmation of the Transfer of Leasing Property Ownership", the cancellation of all security rights (if any) set on the Hotel, and the registration of changes in ownership.

(6) The status of the title and grant of major approvals and licence in accordance with the information provided by the Company and the opinion of the PRC legal adviser:

Real Estate Title Certificate	Yes (Above ground only)
Land Use Rights Grant Contract and its Supplementary Contract	Yes
Construction Project Planning Permit	Yes
Business Licence	Yes

Mr. Pan Gongcheng

Mr. Pan, aged 56, has solid experience in real estate industry, especially in strategic planning. He joined Shanghai Sansheng in 1995 and has held various positions in business and operation departments, such as vice executive chairman of Shanghai Sansheng and general manager of corporate development and strategic planning department of Shanghai Sansheng.

Mr. Pan does not hold any positions with the Group and has not held any other directorships in any other listed companies in Hong Kong or overseas in the last three years.

Mr. Pan has entered into a service contract with the Company for an initial term of three years from 5 June 2019 to 4 June 2022 (both dates inclusive). Pursuant to the service contract, Mr. Pan will not receive any remuneration upon his appointment and his future remunerations will be subject to the review by the remuneration committee of the Company. Mr. Pan is subject to re-election or retirement by rotation pursuant to the bye-laws of the Company.

As at the Latest Practicable Date, save as disclosed above, (i) Mr. Pan does not have any interest in the shares of the Company within the meaning of Part XV of the SFO; (ii) Mr. Pan does not have any relationships with any directors, senior management, substantial and controlling shareholders of the Company; (iii) there is no other information relating to the re-election of Mr. Pan that should be disclosed pursuant to the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules; and (iv) there are no other matters that need to be brought to the attention of the Shareholders.

Mr. Wang Xin

Mr. Wang, aged 34, is a chartered financial analyst. He obtained a Bachelor's Degree from Tsinghua University (清華大學) and a Master's Degree in Business Administration from University of Illinois. He has held management position in a Hong Kong renowned financial institution.

Mr. Wang has not held any other directorships in any other listed companies in Hong Kong or overseas and has not held any positions with the Group in the last three years.

Mr. Wang has entered into a service contract with the Company for an initial term of three years from 23 August 2019 to 22 August 2022 (both dates inclusive). Pursuant to the service contract, Mr. Wang will not receive any remuneration upon his appointment and his future remunerations would be subject to the review by the Board based on the recommendation by the remuneration committee of the Company. Mr. Wang is subject to re-election or retirement by rotation pursuant to the bye-laws of the Company.

As at the Latest Practicable Date, save as disclosed above, (i) Mr. Wang does not have any interest in the shares of the Company within the meaning of Part XV of the SFO; (ii) Mr. Wang does not have any relationships with any directors, senior management, substantial and controlling shareholders of the Company; (iii) there is no other information relating to the re-election of Mr. Wang that should be disclosed pursuant to the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules; and (iv) there are no other matters that need to be brought to the attention of the Shareholders.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any associated corporations

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) are required to be entered into the register required to be kept by the Company under Section 352 of the SFO, or (iii) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

(ii) Interests of substantial Shareholders

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, Shareholders who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange were as follows:

Name of substantial shareholder	Capacity and nature of interest	Number of ordinary shares and underlying shares interested L-(long position)/ S-(short position)	Approximate percentage of issued share capital of the Company *(Note 1)*
Sansheng Hongye	Beneficial owner	L – 857,301,457[2] S – 48,770,971[3]	76.2% 4.34%
Shanghai Sansheng[4]	Interest of controlled corporation	L – 857,301,457[2] S – 48,770,971[3]	76.2% 4.34%
Sansheng Real Estate[4]	Interest of controlled corporation	L – 857,301,457[2] S – 48,770,971[3]	76.2% 4.34%
Chen Jianming[4]	Interest of controlled corporation	L – 857,301,457[2] S – 48,770,971[3]	76.2% 4.34%
Chen Yanhong[4]	Interest of spouse	L – 857,301,457[2] S – 48,770,971[3]	76.2% 4.34%
China Cinda Asset Management Co., Ltd.[7]	Interest of controlled corporation	L – 857,301,457[5]	76.2%
China Cinda (HK) Holdings Company Limited[7]	Interest of controlled corporation	L – 857,301,457[5]	76.2%
China Cinda (HK) Asset Management Co., Limited[7]	Person having a security interest in shares	L – 857,301,457[5]	76.2%
DCP China Credit Fund I, L.P.[8]	Interest of controlled corporation	L – 843,585,747[6]	74.98%
Dignari Capital Partners GP Limited[8]	Interest of controlled corporation	L – 843,585,747[6]	74.98%
Tan Mei Zie Grace [8]	Interest of controlled corporation	L – 843,585,747[6]	74.98%

Notes:

(1) Based on 1,125,027,072 Shares in issue as at the Latest Practicable Date.

(2) Sansheng Hongye held 843,585,747 Shares and a convertible note in the principal amount of HK$11,000,000 which is convertible into 13,715,710 Shares at the prevailing conversion price of HK$0.802 per Share (subject to adjustments) (the "**Convertible Note**").

(3) The Company was notified that Sansheng Hongye had a short position of 48,770,971 underlying Shares pursuant to unlisted physically settled equity derivatives as a result of the call options granted by Sansheng Hongye.

(4) Shanghai Sansheng controlled 100% of the voting power of Sansheng Hongye, Mr. Chen Jianming controlled approximately 81.58% of the voting power of Shanghai Sansheng (comprising around 41.45% direct interests in Shanghai Sansheng and around 40.13% indirect interests in Shanghai Sansheng controlled through Sansheng Real Estate (Sansheng Real Estate controls around 40.13% of the equity interest in Shanghai Sansheng)). Accordingly, Sansheng Real Estate, Shanghai Sansheng and Mr. Chen Jianming were deemed to be interested in the Shares and underlying Shares held by Sansheng Hongye. Ms. Chen Yanhong, as the spouse of Mr. Chen Jianming, was deemed to be interested in the Shares and underlying Shares which Mr. Chen Jianming was interested in.

(5) Sansheng Hongye pledged 843,585,747 Shares and the Convertible Note in favour of China Cinda (HK) Asset Management Co., Limited.

(6) DCP China Credit Fund I, L.P., Dignari Capital Partners GP Limited and Tan Mei Zie Grace are interested in 843,585,747 Shares and/or underlying Shares, among which there are interests in 34,139,680 underlying Shares pursuant to physically settled unlisted derivatives.

(7) China Cinda Asset Management Co., Ltd. controlled 100% of China Cinda (HK) Holdings Company Limited, which controlled 100% of China Cinda (HK) Asset Management Co., Limited.

(8) DCP China Credit Fund I, L.P. controlled 100% of Dragons 616 Limited, whilst DCP China Credit Fund I, L.P. was controlled by Dignari Capital Partners GP Limited, and Tan Mei Zie Grace controlled 99% of Dignari Capital Partners GP Limited.

So far as is known to the Directors, as at the Latest Practicable Date, the Company had not been notified by any person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange.

Further, as at the Latest Practicable Date, Mr. Pan Gongchang, Mr. Fan Xuerui and Mr. Sun Meng were employees of Shanghai Sansheng, Mr. Fan Xuerui was a director of Sansheng Hongye, and Mr. Wang Xin was the managing director of China Cinda Asset Management Co., Ltd. Shanghai Sansheng, Sansheng Hongye and China Cinda Asset Management Co., Ltd. had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of them had interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the directors of the Enlarged Group had entered into any service contract with any member of the Enlarged Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018 (the date to which the latest published audited consolidated financial statements of the Company were made up).

6. DIRECTORS' INTERESTS IN ASSETS OF THE GROUP

Except for the interests of Mr. Fan Xuerui in the Acquisition, the acquisition of the entire equity interest in a property development project in Zhenjiang City by the Group in March 2019 and the acquisition of a non-controlling interest of a property development project in Jinhua City by the Group in April 2019 by reason of his relationship as the son-in-law of Mr. Chen Jianming (the ultimate controlling shareholder of Sansheng Hongye), none of the Directors had any direct or indirect material interest in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2018 (the date to which the latest published audited consolidated financial statements of the Company were made up) up to the Latest Practicable Date.

7. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the directors of the Enlarged Group was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Enlarged Group (except for the Agreement and the project management master agreement dated 21 August 2018 in relation to provision of project management services to Shanghai Sansheng and its subsidiaries).

8. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinion or advice which are contained or referred to in this circular:

Altus Capital	a corporation which is licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) regulated activities under the SFO
Cushman & Wakefield	an independent property valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter and references to its name in the form and context in which they are included.

As at the Latest Practicable Date, neither of the above experts was beneficially interested in the share capital of any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. In addition, neither of the above experts had any interest, either directly or indirectly, in any assets which have been, since 31 December 2018 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong from the date of this circular up to and including the date which is 14 days from the date of this circular:

(a) the Agreement;

(b) the circular of the Company dated 13 September 2018 in relation to continuing connected transactions;

(c) the circular of the Company dated 10 January 2019 in relation to acquisition of a property development project in Zhenjiang City;

(d) the circular of the Company dated 8 March 2019 in relation to acquisition of a non-controlling interest in Yitai International (BVI) Holdings Limited; and

(e) this circular.

10. MISCELLANEOUS

(i) The secretary of the Company is Mr. Lee Pui Lam. Mr. Lee is a fellow member of The Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

(ii) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(iii) The principal place of business of the Company in Hong Kong is situated at Suite 1711, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

(iv) The principal share registrar and transfer office of the Company is MUFG Fund Services (Bermuda) Limited at 4th Floor, Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda. The Hong Kong branch share registrar and transfer office of the Company is Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(v) In the event of inconsistency, the English text of this circular and the accompanying proxy form shall prevail over their respective Chinese text.

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)

NOTICE IS HEREBY GIVEN THAT a special general meeting (the "**SGM**") of the shareholders of Zhongchang International Holdings Group Limited (the "**Company**") will be held at Suite 2418, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong on Wednesday, 18 September 2019 at 10:30 a.m., for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolutions:

AS ORDINARY RESOLUTIONS

1. "**THAT**

(a) the Agreement (as defined in the circular of the Company dated 29 August 2019 (the "**Circular**")), a copy of which is marked "A" and initialled by the chairman of the meeting for the purpose of identification, and the terms and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) each and every director of the Company (the "**Director**") (either alone or jointly with another Director) be and is hereby authorised to sign and execute such other documents and supplemental agreements and deeds for and on behalf of the Company and to do all such things and take all such actions as he may consider necessary, desirable or expedient for the purpose of carrying out or giving effect to or otherwise in connection with the Agreement and/or the transactions contemplated thereunder."

2. "**THAT**

(a) Mr. Pan Gongcheng be re-elected as an executive director of the Company; and

(b) Mr. Wang Xin be re-elected as a non-executive director of the Company."

By Order of the Board
Zhongchang International Holdings Group Limited
Fan Xuerui
Chairman

Hong Kong, 29 August 2019

Notes:

(1) Any member of the Company entitled to attend and vote at the SGM shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.

(2) A member of the Company entitled to attend and vote at the SGM is entitled to appoint another person as his proxy or appoint a duly authorised corporate representative to attend and vote in his stead. A member who is the holder of two or more shares in the Company may appoint more than one proxy to represent him or vote on his behalf. A proxy need not be a member of the Company. Completion and return of the proxy form will not preclude a member of the Company from attending and voting in person at the SGM and any adjournment thereof and in such event, the proxy form shall be deemed to be revoked.

(3) The register of members of the Company will be closed from 13 September 2019 to 18 September 2019, both dates inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the SGM. In order to be eligible to attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 12 September 2019.

(4) Voting at the SGM will be taken by poll.

(5) If there is a black rainstorm warning signal or a tropical cyclone warning signal number 8 or above in force at or after 8:00 a.m. on 18 September 2019, and/or the Hong Kong Observatory has announced at or before 8:00 a.m. on 18 September 2019 that either of the above mentioned warnings is to be issued within the next two hours, the SGM shall automatically be postponed to 19 September 2019 and in such case by virtue of this notice, the SGM shall be held at Suite 2418, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong on 19 September 2019 at 10:30 a.m.. Members who have any queries concerning these arrangements, please call the Company at (852) 2117 0237 during business hours from 9:00 a.m. to 6:00 p.m. on Monday to Friday, excluding public holidays.

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