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**ZHONGCHANG INTERNATIONAL HOLDINGS GROUP LIMITED**  
**中昌國際控股集團有限公司**  
*(incorporated in Bermuda with limited liability)*  
**(Stock code: 859)**

**SUPPLEMENTAL ANNOUNCEMENT**  
**IN RELATION TO**  
**EXTENSION OF LONG STOP DATE OF**  
**ACQUISITION OF A HOTEL IN ZHOUSHAN CITY**

Reference is made to the announcements of Zhongchang International Holdings Group Limited (the “**Company**”) dated 8 August 2019 and 31 December 2019 (the “**Extension Announcement**”), and circular of the Company dated 29 August 2019 (the “**Circular**”) respectively in relation to the acquisition of the Hotel and the Extension. Capitalised terms used herein have the same meanings as defined in the Circular and the Extension Announcement unless otherwise stated.

As disclosed in the Extension Announcement, the Purchaser was informed that the conditions precedent for completion of the Acquisition were not capable of being fulfilled on or before the original long stop date (the “**Long Stop Date**”) of 31 December 2019. After taking into account that (i) the overall operation of the Hotel has been stable with revenue, average daily rate per room and occupancy rate for the year ended 31 December 2019 having met the performance target set by the Vendor; (ii) it is normal for the Hotel to record a gross operating loss and yet to generate positive cash flow for 2019 given that the Hotel only commenced its operation in November 2018. It is expected that the operating results of the Hotel in 2020 will improve gradually when it builds up its popularity, driving its occupancy and room rates; (iii) the prospects of the tourism industry in Zhoushan remained promising; (iv) the latest valuation of the Hotel as indicated by the independent valuer remained at RMB570 million, which was the same as that as at 30 June 2019 as disclosed in the Circular; and (v) there are potential cash inflow from presale of properties and financing options being explored with financial institution(s) to support the payment of capital expenditures committed by the Group

when they fall due, the Company agreed to extend the Long Stop Date to 30 June 2020 in accordance with an existing clause provided in the Agreement and published the Extension Announcement in accordance with Rule 14.36 and Note to Rule 14A.35 of the Listing Rules on 31 December 2019. The Extension does not involve any change in the terms of the Agreement which might otherwise be subject to shareholders' approval or independent shareholders' approval.

Based on the information available to the Company and the latest valuation of the Hotel as described above, the Board considers that there had not been material changes to the circumstances pertaining to the Target and the Hotel as compared to those disclosed in the Circular and did not consider that the Extension alone would render the approval of the Agreement and the transactions contemplated thereunder obtained from the Independent Shareholders at the SGM on 18 September 2019 invalid and that it should be subject to shareholders' approval or independent shareholders' approval.

As mentioned in the Extension Announcement, the Extension was agreed to allow more time for Shanghai Sansheng and the Vendor to negotiate with the Creditor with a view to reaching a settlement arrangement involving the release of the Equity Interest from the court order to enable the parties to the Agreement to proceed with Completion. The Extension also allowed time for the Board to explore other options to acquire the Hotel including but not limited to negotiating with Zhejiang Finance to enable the Purchaser to possibly acquire the Hotel under a different transaction structure. In the event that the Company proceeds with the Acquisition under a different transaction structure or under different terms, the Company will comply with applicable requirements of the Listing Rules including but not limited to seeking shareholders' approval if necessary.

By order of the Board of  
**Zhongchang International Holdings Group Limited**  
**Fan Xuerui**  
*Chairman and Executive Director*

Hong Kong, 14 January 2020

*As at the date of this announcement, the board of directors of the Company comprises Mr. Fan Xuerui (Chairman), Mr. Pi Minjie, 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.*