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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)

MAJOR TRANSACTION

**UPDATE ON THE EXERCISE OF PUT OPTION IN RELATION TO
THE ENTIRE INTEREST OF HIGH MORALITY**

INTRODUCTION

Reference is made to the announcements of the Company dated 16 September 2020, 9 and 23 October 2020 and 30 November 2020, the circular dated 14 December 2020 (the “**Circular**”) of Zhongchang International Holdings Group Limited (the “**Company**”) and the poll results announcement of the Company dated 5 January 2021 (the “**Poll Results**”).

Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

**PUT OPTION NOTICE AND THE REPLY FROM THE VENDOR AND
GUARANTOR**

As disclosed in the Poll Results, the Independent Shareholders approved the exercise of the Put Option at the SGM held on 5 January 2021. As required by the Sale and Purchase Agreement, the Purchaser has sent the Put Option notice to the Vendor after the SGM on 5 January 2021 informing the Vendor of the exercise of the Put Option.

On 6 January 2021, the Company and the Purchaser have received replies from both the Vendor and the Guarantor, stating that since the Vendor is a special purpose vehicle set up for the sole purpose of investment holding, and that the Guarantor is undergoing debt reorganisation, it is unlikely that the Vendor or the Guarantor will be able to settle the consideration for the acquisition of the Put Option Share and the Put Option Loan by 30 business days (as defined under the Sale & Purchase Agreement, being business days Hong Kong) from the date of the SGM as required under the Sale and Purchase Agreement, which will be 18 February 2021. The Vendor and the Guarantor stated in their respective letter that the Company and the Purchaser may sell all or part of High Morality, or High Morality Group as the Company and the Purchaser deem fit.

Since the Vendor indicates that it is unlikely to fulfill its obligations to purchase the Put Option Share and the Put Option Loan, as disclosed in the Circular, the Company will (i) take legal action against the Vendor and the Guarantor; and (ii) consider to dispose the High Morality Group by other means, including, but not limited to disposal by way of public tender offer. In these circumstances, if the proceeds of disposing the High Morality Group to third parties is lower than the Consideration, the Company will seek to recover the shortfall from the Vendor and the Guarantor.

The Company will provide further update on the disposal of High Morality Group as and when the Board considers necessary to keep the shareholders of the Company and potential investors informed.

As there remain uncertainty as to the disposal of High Morality Group, the shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Zhongchang International Holdings Group Limited
Ma Yilin
Chairman and Executive Director

Hong Kong, 6 January 2021

As at the date of this announcement, the Board comprises Mr. Ma Yilin (Chairman), Mr. Chen Zhiwei, Mr. Tang Lunfei and Ms. Huang Limei as executive directors; Ms. Ku Ka Lee and Dr. Huang Qiang as non-executive directors; and Mr. Liew Fui Kiang, Mr. Wong Sai Tat, Mr. Wong Wai Leung and Mr. Yip Tai Him as independent non-executive directors.