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ZHONGZHENG INTERNATIONAL COMPANY LIMITED

中證國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 943)

TERMINATION OF VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN HONG KONG ZHONGZHENG CITY INVESTMENT LIMITED INVOLVING OFF-MARKET SHARE BUY-BACK AND SPECIAL DEAL

References are made to (i) the announcement of Zhongzheng International Company Limited (the “**Company**”) dated 24 September 2021 and the circular of the Company to the Shareholders dated 12 November 2021 (the “**Circular**”) regarding, among other things, the proposed disposal by GPI of the entire equity interest in Hong Kong Zhongzheng City Investment Limited which constituted a very substantial disposal of the Company under the Listing Rules and involved a share buy-back by the Company and applications for whitewash waiver and special deal pursuant to Takeovers Code; (ii) the announcement of the Company dated 31 December 2021 in relation to the extension of the long stop date for the fulfillment or waiver (as the case may be) of the conditions precedent to the Completion pursuant to the Disposal Agreement; (iii) the announcements of the Company dated 28 February 2022, 31 May 2022, 15 June 2022, 30 June 2022, 29 July 2022, 1 September 2022, 30 September 2022 and 30 November 2022, respectively, in respect of, among others, due fulfillment of the conditions precedent to Completion (in respect of the announcement dated 28 February 2022) and extensions of the Completion Date; and (iv) the announcement of the Company dated 24 October 2022 in respect of, among other things, the cancellation of the P-Note (the “**P-Note Cancellation Announcement**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Circular and the P-Note Cancellation Announcement.

As have been disclosed previously, all conditions precedent to the Disposal Agreement (as amended and supplemented by supplemental agreements and extension letters) (collectively, the “**Supplemented Disposal Agreement**”) as particularly set out in the Circular have been fulfilled (or waived, as appropriate) on 28 February 2022 and the Disposal was due to proceed to Completion three working days thereafter. The Completion Date had been extended by the parties at the request of HK Huijin for a total of eight times by supplemental agreements and extension letters. As further disclosed in the announcement of the Company dated 30 November 2022, the Completion Date was last extended to 7 December 2022 to allow time for the parties to the Supplemented Disposal Agreement to enter into a further supplemental agreement to effect the Possible Pre-Completion Share Cancellation. The Company hereby informs the Shareholders that as of 7 December 2022 and as of the date of this announcement, no further supplemental agreement as aforesaid has been successfully reached by the parties.

NOTICE OF DEFAULT

On 7 December 2022, as HK Huijin and Qianhai Zhongzheng still failed to proceed to Completion, the Company and GPI issued a written notice to notify HK Huijin and Qianhai Zhongzheng, among other things, that the failure on their parts to complete the Supplemented Disposal Agreement by refusing and/or failing to settle the remaining balance of the Consideration in Exchange or any part thereof constituted a material breach by them of the Supplemented Disposal Agreement. In response, Qianhai Zhongzheng has raised contention against the assertions of the Company and GPI.

FINAL NOTICE

On 22 December 2022, the Company and GPI issued a letter to HK Huijin and Qianhai Zhongzheng, in which a final notice (the “**Final Notice**”) was given to them demanding for the Completion be taken place and the settlement of Consideration in Exchange in its entirety in accordance with the Supplemented Disposal Agreement within 7 days thereof. On 26 December 2022, Qianhai Zhongzheng replied to the Company and GPI in writing, stating, among other things, that despite their effort to complete the Disposal Agreement, due to reasons out of their control, they were not able to complete the transactions within the agreed time. And no response had been received from HK Huijin within the time stipulated in the Final Notice.

Taking into account the legal advice given by the legal advisers to the Company, the Board (excluding Mr. Qiu Qing (“**Mr. Qiu**”)) considers that the said reply from Qianhai Zhongzheng and the non-communication from HK Huijin have evinced a clear intention on the parts of HK Huijin and Qianhai Zhongzheng not to be bound by the Supplemented Disposal Agreement, which constituted a repudiatory breach of the Supplemented Disposal Agreement. On 3 January 2023, the Company and GPI issued a letter to HK Huijin and Qianhai Zhongzheng, respectively, accepting the repudiation of the Supplemented Disposal Agreement and the Supplemented Disposal Agreement has been terminated. The Company and GPI have reserved all their rights under the Supplemented Disposal Agreement.

Based on the above, the Company hereby informs the Shareholders and the public investors that the Disposal has been terminated and will not proceed, and that the instrument relating to the P-Note in the amount of RMB200 million is no longer a valid instrument.

DIRECTOR’S RESPONSIBILITY STATEMENT

Mr. Qiu is an executive Director and Chief Executive Officer of the Company. In the meantime, he is also a director and a legal representative of Qianhai Zhongzheng and owns 90% of the equity interest in SZ Xuanxin, which in turn owns 46.15% effective interest in Qianhai Zhongzheng. Given this, Mr. Qiu is considered to have material interests over the Supplemented Disposal Agreement and the related matters, including the potential litigation. The Board notes that Mr. Qiu has informed the Company that he, in his capacity as a Director of the Company, holds a dissenting view on the matters described in the paragraphs headed “Notice of Default” and “Final Notice” above, which is against the stance of the Company on such matters.

FINANCIAL CONSOLIDATION OF THE DISPOSAL GROUP

As a result of the termination of the Disposal, the members of the Disposal Group remain as members of the Group and the financial results of the Disposal Group would continue to be consolidated into the financial statements of the Group. The Company will continue to explore the best way forward for the Disposal Group in maintaining and fostering their business operations.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 3 October 2022 pending the publication of the audited results of the Company for the 18 months ended 30 June 2022 in accordance with the Listing Rules.

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

By order of the Board
Zhongzheng International Company Limited
Liu Liyang
Executive Director

Hong Kong, 7 January 2023

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Leung Chung Shan, Mr. Tam Lup Wai, Franky, Mr. Liu Liyang and Mr. Qiu Qing; one non-executive Director, namely Mr. Lim Kim Chai, J.P.; and three independent non-executive Directors, namely Mr. Hau Chi Kit, Mr. Leung Chi Hung and Mr. Li Hon Kuen.

All Directors (except for Mr. Qiu Qing as a dissenting Director) jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (except for the dissenting view of Mr. Qiu Qing as set out in the paragraph headed “Director’s Responsibility Statement” herein), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by Mr. Qiu Qing) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement contained in this announcement misleading.

Mr. Qiu Qing accepts full responsibility for the accuracy of the information contained in this announcement insofar as the paragraph headed “Director’s Responsibility Statement” herein is concerned, and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed by him in the said paragraph in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in the said paragraph in this announcement, the omission of which would make any statement contained in the said paragraph in this announcement misleading.