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ZHONG HUA INTERNATIONAL HOLDINGS LIMITED

中華國際控股有限公司*

(Incorporated in Bermuda with limited liability)

**PROPOSAL FOR SUBDIVISION OF SHARES
CHANGE IN BOARD LOT SIZE FOR TRADING**

The Directors of the Company propose that each of the existing issued and unissued shares of HK\$0.10 each in the capital of the Company be subdivided into 5 shares of HK\$0.02 each. Each board lot size of Shares will be increased from 2,000 Shares to 10,000 Subdivided Shares.

The Proposal is conditional upon, inter alia, the shareholders' approval at the SGM of the Company. A circular containing the details and expected timetable of the Proposal together with the notice of SGM will be despatched to the shareholders of the Company as soon as practicable.

1. The Proposal

The directors ("Directors") of Zhong Hua International Holdings Limited (the "Company") propose that (i) each of the existing issued and unissued ordinary shares of HK\$0.10 each ("Share") in the capital of the Company be subdivided into five ordinary shares of HK\$0.02 each ("Subdivided Share") (the "Subdivision") and (ii) each board lot size of shares be increased from 2,000 Shares to 10,000 Subdivided Shares (collectively, the "Proposal"). The Subdivided Shares will rank pari passu in all aspects with the Shares in issue prior to the Proposal and the rights attaching to the Subdivided Shares will not be affected by the Subdivision. The Directors are of the view that the Subdivision shall improve the liquidity of the trading in the Shares and widen the investors base. The Directors are of the opinion that the Subdivision is in the interests of the Company and its shareholders as a whole. The Subdivision will not have any material impact on the financial position of the Company.

The current authorised share capital of the Company is HK\$120,000,000 divided into 1,200,000,000 Shares. The Subdivision will be made on the basis that every Share will be subdivided into five Subdivided Shares. As at the date hereof, the issued share capital of the Company is HK\$59,600,400 divided into 596,004,000 Shares. Immediately following the completion of the Subdivision, the authorised share capital of the Company will be HK\$120,000,000 divided into 6,000,000,000 Subdivided Shares of HK\$0.02 each. On the basis that 596,004,000 Shares are in issue, 2,980,020,000 Subdivided Shares will be in issue pursuant to the Subdivision.

Accordingly, the amount of issued and paid up share capital of the Company will remain unchanged.

2. Conditions

The Proposal is conditional upon:

- (1) the passing of an ordinary resolution by the shareholders of the Company at an Special General Meeting ("SGM") to approve the Proposal; and
- (2) the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of, and permission to deal in, the Subdivided Shares and any new Subdivided Shares which may fall to be issued pursuant to the exercise of options granted under the Company's employee share option scheme.

The Proposal will be effective on the date immediately after the date of the SGM subject to shareholders' approval at the SGM.

3. Expected Timetable for the Proposal

The Company will make further announcements on the expected timetable for the Proposal and the arrangement for parallel trading and free exchange of new share certificate upon the despatch of the circular to shareholders.

4. General

The Company will make an application to the Stock Exchange for the listing of, and permission to deal in, the Subdivided Shares.

The SGM will be convened to approve the Proposal. A Circular containing the details and the expected timetable of the Proposal together with the notice of SGM will be despatched to the shareholders of the Company as soon as practicable.

Further announcement will be made by the Company as soon as the Proposal becomes unconditional.

By Order of the Board
Zhong Hua International Holdings Limited
Ho Tsam Hung
Chairman

Hong Kong, 11th July, 2001

** for identification purpose only*

Please also refer to the published version of this announcement in the i-Mail.