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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, other licensed corporation, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in Zhong Hua International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).



ZHONG HUA INTERNATIONAL HOLDINGS LIMITED

中華國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1064)

SHARE CONSOLIDATION

AND

INCREASE IN AUTHORISED SHARE CAPITAL

A notice convening a special general meeting of Zhong Hua International Holdings Limited to be held at Joint Professional Centre, Unit 1, Ground Floor, The Center, 99 Queen's Road Central, Hong Kong at 10:00 a.m. on 27 April 2006 is set on pages 10 to 11 of this circular. Whether or not you intend to attend the special general meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as practicable and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

* *For identification purposes only*

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DEFINITIONS

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

“Announcements”	the announcements of the Company dated 19 July 2005, 12 September 2005, 6 October 2005 and 2 November 2005 in relation to, among other things, the proposed implementation of the Capital Reorganisation and the postponement thereof
“Board”	the board of the Directors
“Business Day”	a day (other than a Saturday) on which banks are open for business in Hong Kong
“Capital Reorganisation”	(i) the Share Consolidation; and (ii) the increase in authorised share capital of the Company from HK\$120,000,000 to HK\$200,000,000, details of which are set out in the announcements of the Company dated 19 July 2005 and 12 September 2005
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Zhong Hua International Holdings Limited, a company incorporated in Bermuda with limited liability whose issued shares are listed on the Main Board of the Stock Exchange
“Consolidated Share(s)”	new ordinary share(s) of HK\$0.20 each in the issued and unissued capital of the Company after the Share Consolidation has become effective
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	existing ordinary share(s) of HK\$0.02 each in the capital of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	7 April 2006, 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
“SGM”	the special general meeting of the Company to be held on 27 April 2006 at 10:00 a.m. at Joint Professional Centre, Unit 1, Ground Floor, The Center, 99 Queen’s Road Central, Hong Kong to consider, and if appropriate, to approve the Capital Reorganisation
“Share Consolidation”	the proposed consolidation of every ten issued and unissued Existing Shares of HK\$0.02 each into one Consolidated Share of HK\$0.20, details of which are set out in the announcement of the Company dated 19 July 2005
“Shareholder(s)”	holder(s) of the Existing Shares or Consolidated Shares (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

REVISED EXPECTED TIMETABLE

2006

Latest time for lodging form of proxy for the SGM	10:00 a.m. on Tuesday, 25 April
SGM	10:00 a.m. on Thursday, 27 April
Effective date of the Capital Reorganisation	4:00 p.m. on Thursday, 27 April
Existing counter for trading in Existing Shares in board lots of 10,000 Existing Shares closes	9:30 a.m. on Friday, 28 April
Temporary counter for trading in Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing PURPLE share certificates) opens	9:30 a.m. on Friday, 28 April
Free exchange of existing PURPLE share certificates for new GREEN share certificates commences	Friday, 28 April
Existing counter for trading in Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new GREEN share certificates) re-opens	9:30 a.m. on Tuesday, 16 May
Parallel trading in Consolidated Shares (in the form of new GREEN and existing PURPLE share certificates) commences	9:30 a.m. on Tuesday, 16 May
Designated broker starts to stand in the market to provide matching services for odd lots of shares	Tuesday, 16 May
Parallel trading in Consolidated Shares (in the form of new GREEN and existing PURPLE share certificates) ends	4:00 p.m. on Wednesday, 7 June
Temporary counter for trading in Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing PURPLE share certificates) closes	4:00 p.m. on Wednesday, 7 June
Designated broker standing in the market to provide matching services for odd lots of shares ends	Wednesday, 7 June
Free exchange of existing PURPLE share certificates for new GREEN share certificates ends	Tuesday, 13 June

Notes:

- (i) All times in this circular refer to Hong Kong times.
- (ii) The timetable is subject to the results of the SGM. The Company will notify the Shareholders of any changes to the timetable as and when appropriate.



ZHONG HUA INTERNATIONAL HOLDINGS LIMITED

中華國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1064)

Executive Directors:

Ho Tsam Hung
Ho Kam Hung
Yang Jia Jian

Non-executive Directors:

Lam Kuo
Yeung Mo Sheung, Ann
Young Kwok Sui

Independent Non-executive Directors:

Wong Ting Kon
Lawrence K. Tam
Wong Miu Ting, Ivy

*Head office and principal place
of business in Hong Kong:*

Unit 6307, 63rd Floor
The Center
99 Queen's Road Central
Hong Kong

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

10 April 2006

To the Shareholders

Dear Sir or Madam,

**SHARE CONSOLIDATION
AND
INCREASE IN AUTHORISED SHARE CAPITAL**

INTRODUCTION

As set out in the Announcements and the circular of the Company dated 24 October 2005, the Board proposed the Capital Reorganisation which involves (i) the Share Consolidation on the basis of every ten Existing Shares of HK\$0.02 each into one Consolidated Share of HK\$0.20; and (ii) the increase in authorised share capital from HK\$120,000,000 divided into 600,000,000 Consolidated Shares to HK\$200,000,000 divided into 1,000,000,000 Consolidated Shares.

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LETTER FROM THE BOARD

On 2 November 2005, the Board announced that the Capital Reorganisation was postponed in view of the suspension of trading in shares of the Company as a result of delay in publication of the interim results and interim report for the six months ended 30 June 2005. Following the resumption of trading in shares of the Company, the Board further announced on 29 March 2006 the revised expected timetable in relation to the Capital Reorganisation.

The purpose of this circular is to provide you with, among other things, (i) details of the Capital Reorganisation, the revised expected timetable and the associated trading arrangements; and (ii) a notice of the SGM.

SHARE CONSOLIDATION

The Board proposes the Share Consolidation involving a consolidation of every ten issued and unissued Existing Shares of HK\$0.02 each into one Consolidated Share of HK\$0.20 each. No certificates for fractions of Consolidated Shares will be issued to any Shareholder. However, fractions of Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company amounted to HK\$120,000,000 comprising 6,000,000,000 Existing Shares, of which 5,102,413,009 Existing Shares have been allotted and issued as fully-paid or credited as fully-paid. Upon the Share Consolidation taking effect and on the basis that the Company does not allot and issue any further Existing Shares prior thereto, the authorised share capital of the Company will remain at HK\$120,000,000 but will comprise 600,000,000 Consolidated Shares, of which 510,241,300 Consolidated Shares will be in issue. The Consolidated Shares will rank pari passu in all respects with each other.

Other than the expenses incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets or financial position of the Company or the interests or rights of the Shareholders, save that the Shareholders will not have any entitlement to fractions of Consolidated Shares.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue upon the Share Consolidation taking effect.

Conditions of the Share Consolidation

The Share Consolidation is conditional on:

- (i) the passing by the Shareholders of a resolution to approve the Share Consolidation at the SGM; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares in issue immediately upon the Share Consolidation taking effect.

LETTER FROM THE BOARD

Expected effective date of the Share Consolidation

Subject to all of the above conditions being fulfilled, the Share Consolidation is expected to take effect at 4:00 p.m. on the date of passing of the relevant resolution by the Shareholders, which is expected to be on 27 April 2006.

Reasons for the Share Consolidation

As the market price of the Existing Shares approaches the extremity of HK\$0.01 per Existing Share, in compliance with Rule 13.64 of the Listing Rules, the Board proposes the Share Consolidation. Furthermore, in view of the relatively low market value for each board lot of the Existing Shares, the Directors consider that the Share Consolidation will increase the aggregate market value of each board lot of the Consolidated Shares and reduce the transaction costs for dealing in the shares of the Company including charges with reference to the number of share certificates issued.

Trading arrangements

Upon the Capital Reorganisation becoming effective, all existing purple share certificates for any number of Existing Shares in issue immediately before the effective date of the Capital Reorganisation will be deemed to be share certificates, and will be effective as documents of title, for one-tenth of that number of Existing Shares. New share certificates (which will be green in colour) will be issued for Consolidated Shares. Parallel trading arrangements will be established on the Stock Exchange for dealings in Consolidated Shares in the form of the existing purple share certificates and in the form of the new green share certificates. The trading arrangements proposed for dealings in Consolidated Shares are set out as follows:

- (i) with effect from 9:30 a.m. on Friday, 28 April 2006, the original counter for trading in Existing Shares in board lot of 10,000 Existing Shares will close temporarily. A temporary counter for trading in Consolidated Shares represented by existing purple share certificates in board lot of 1,000 Consolidated Shares will be established. Every existing share certificate for whatever number of Existing Shares will be deemed to be a share certificate, and will be effective as a document of title valid for settlement and delivery for trading transacted from 9:30 a.m. on Friday, 28 April 2006 to 4:00 p.m. on Wednesday, 7 June 2006 for Consolidated Shares, in the amount equivalent to one-tenth of that number of Existing Shares. The existing purple share certificates for Existing Shares can only be traded at this temporary counter;
- (ii) with effect from 9:30 a.m. on Tuesday, 16 May 2006, the original counter will re-open for trading in Consolidated Shares in board lot of 10,000 Consolidated Shares. Only new green share certificates for Consolidated Shares can be traded at this counter;
- (iii) with effect from 9:30 a.m. on Tuesday, 16 May 2006 to 4:00 p.m. on Wednesday, 7 June 2006 (both dates inclusive), there will be parallel trading at the counters mentioned in (i) and (ii) above; and

LETTER FROM THE BOARD

- (iv) the temporary counter for trading in Consolidated Shares represented by the existing purple share certificates in the board lot of 1,000 Consolidated Shares will be removed after the close of trading on Wednesday, 7 June 2006. Thereafter, trading will only be in Consolidated Shares represented by new green share certificates in board lot of 10,000 Consolidated Shares and the existing purple share certificates for Existing Shares will cease to be marketable and will not be acceptable for dealing and settlement purposes.

Subject to the Capital Reorganisation becoming effective at 4:00 p.m. on Thursday, 27 April 2006, Shareholders may, during Friday, 28 April 2006 to Tuesday, 13 June 2006 (both dates inclusive) submit existing purple share certificates for Existing Shares to Tengis Limited, being the branch share registrar and transfer office of the Company in Hong Kong, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in exchange, at the expense of the Company, for new green share certificates for Consolidated Shares (on the basis of ten Existing Shares for one Consolidated Share). Thereafter, certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each share certificate for Existing Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for certificates for Consolidated Shares at any time.

It is expected that new share certificates for Consolidated Share will be available for collection within ten Business Days after the submission of the existing share certificates for Existing Shares to Tengis Limited for exchange. Unless otherwise instructed, new share certificates will be issued in board lot of 10,000 Consolidated Shares each.

Odd lots of Consolidated Shares may arise as a result of the Share Consolidation. In order to alleviate the difficulties in trading odd lots of Consolidated Shares, the Company has appointed Quam Securities Company Limited to act as the agent to match, on a "best effort" basis, the sale and purchase of odd lots of Consolidated Shares arising from the Share Consolidation from Tuesday, 16 May 2006 up to and including Wednesday, 7 June 2006. Such arrangement is to facilitate the Shareholders who wish to dispose of or top up their odd lots of Consolidated Shares. Shareholders who wish to take advantage of this facility should contact Ms. Yu So Man of Quam Securities Company Limited at 32nd Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong (Tel: (852) 2847-2280) during the aforesaid period. Shareholders should note that the matching of the sale and purchase of odd lots of Consolidated Shares is not guaranteed. Shareholders are recommended to consult their licensed securities dealers, bank managers, solicitors, professional accountants or other professional advisers if they are in doubt about the facility described above.

LETTER FROM THE BOARD

Listing and dealings

Dealings in the Consolidated Shares on the branch share registrar of the Company maintained in Hong Kong will be subject to Hong Kong stamp duty.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

INCREASE IN THE AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$120,000,000 divided into 6,000,000,000 Existing Shares. After the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$120,000,000 divided into 600,000,000 Consolidated Shares.

In order to increase the flexibility in the affairs of the Group to capture investment opportunities for future growth, the Directors propose to increase the authorised share capital of the Company from HK\$120,000,000 divided into 600,000,000 Consolidated Shares to HK\$200,000,000 divided into 1,000,000,000 Consolidated Shares by the creation of an additional 400,000,000 Consolidated Shares.

SGM

A notice convening the SGM to be held at Joint Professional Centre, Unit 1, Ground Floor, The Center, 99 Queen's Road Central, Hong Kong at 10:00 a.m. on 27 April 2006 for the purpose of considering (i) the Share Consolidation and (ii) the increase in authorised share capital of the Company is set out on pages 10 to 11 of this circular.

Whether or not you intend to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

PROCEDURES FOR DEMANDING A POLL BY THE SHAREHOLDERS

Pursuant to Article 66 of the Bye-laws of the Company, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the rights to vote at the meeting; or
- (d) by a member or members present in person (or in the case of a member being corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by person as proxy for a member or, in the case of a member being a corporation, by its duly authorised representative shall be deemed to be the same as a demand by a member.

RECOMMENDATION

The Directors consider that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole, and therefore recommend the Shareholders to vote in favour of the resolutions at the SGM.

Yours faithfully,
for and on behalf of the Board
ZHONG HUA INTERNATIONAL HOLDINGS LIMITED
Ho Kam Hung
Executive Director



ZHONG HUA INTERNATIONAL HOLDINGS LIMITED

中華國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1064)

NOTICE IS HEREBY GIVEN that a special general meeting of Zhong Hua International Holdings Limited (the “Company”) will be held at Joint Professional Centre, Unit 1, Ground Floor, The Center, 99 Queen’s Road Central, Hong Kong at 10:00 a.m. on 27 April 2006 for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** subject to and conditional upon the granting by the listing committee of The Stock Exchange of Hong Kong Limited for the listing of, and permission to deal in, the Consolidated Shares (as defined in paragraph (a) of this resolution below):
 - (a) with effect from 4:00 p.m. (Hong Kong time) on the date on which this resolution is passed as an ordinary resolution, every ten ordinary shares of HK\$0.02 each in the issued and unissued share capital of the Company be consolidated into one ordinary share of HK\$0.20 each (each a “Consolidated Share”);
 - (b) all fractions of the Consolidated Shares to which holders of issued ordinary shares of HK\$0.02 each in the share capital of the Company would otherwise be entitled to be aggregated, sold (if a premium, net of expenses, can be obtained) and retained for the benefit of the Company; and
 - (c) the directors of the Company (the “Directors”) be and are generally authorised to do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary or expedient to give effect to the foregoing arrangements.”

* For identification purposes only

NOTICE OF SPECIAL GENERAL MEETING

2. “**THAT** subject to resolution No. 1 contained in the notice of special general meeting of which this resolution forms part becoming effective, the authorised share capital of the Company be and is hereby increased from HK\$120,000,000 to HK\$200,000,000 by the creation of an additional 400,000,000 Consolidated Shares of HK\$0.20 each in the capital of the Company.”

By Order of the Board
ZHONG HUA INTERNATIONAL HOLDINGS LIMITED
Goh Choo Hwee
Secretary

Hong Kong, 10 April 2006

*Head office and principal place
of business in Hong Kong:*
Unit 6307, 63rd Floor
The Center
99 Queen’s Road Central
Hong Kong

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

Notes:

1. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company. A proxy need not be a member.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. To be valid, a form of proxy, together with the relevant power of attorney or other authority (if any) under which it is signed or a certified true copy of such power or authority must be deposited at the Company’s branch share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not later than 48 hours before the time appointed for holding of the meeting or any adjourned meeting.
4. Where there are joint holders of any share, any of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holder.