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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)*

**(Stock Code: 1064)**

### **ANNOUNCEMENT PURSUANT TO RULE 13.09(2) OF THE LISTING RULES AND THE INSIDE INFORMATION PROVISIONS**

HK Zheng Da (a subsidiary of the Company) and one of its directors received on or about 21 June 2017 the Purported Notice issued by the Alleged Zheng Da Liquidator (acting for Yue Xiu Co Ltd) albeit the operation of GZ Zheng Da remains as usual and normal as at the date of this announcement. HK Zheng Da holds 100% attributable interest in GZ Zheng Da.

The Purported Notice is the first notice or letter that HK Zheng Da (being the shareholder holding 100% beneficial interest in GZ Zheng Da) so far received from the Alleged Zheng Da Liquidator, some six years since its alleged constitution in 2011.

According to the official record, the registered shareholders of GZ Zheng Da are HK Zheng Da and Yue Xiu Enterprise. Yue Xiu Co Ltd is not Yue Xiu Enterprise.

The Company confirms that Yue Xiu Co Ltd (i) is not a registered shareholder of GZ Zheng Da; (ii) does not have any attributable interest in GZ Zheng Da; and (iii) is not a creditor of GZ Zheng Da.

The Purported Notice seeks to convey, inter alia, the following messages (without prejudice) to the Addressees, which are GZ Zheng Da and Yue Xiu Co Ltd:

- 1) the Alleged Zheng Da Liquidator was constituted under a mandate granted by the Guangzhou Court pertaining to a members' compulsory liquidation petition (apparently lodged by Yue Xiu Co Ltd); and

- 2) the Alleged Zheng Da Liquidator is prepared to make submission to the Guangzhou Court for balloting the appointment of appraisal and auction agents to appraise and tender the assets of GZ Zheng Da for auction, which include, inter alia, two parcels of land with an aggregate gross area of about 16,800 square metres and a 2-storey non-permanent commercial podium.

The PRC legal counsel of HK Zheng Da advised as follows:

- 1) the Alleged Zheng Da Liquidator's mandate has expired and it does not have the capacity to proceed with the liquidation of GZ Zheng Da (without prejudice on the legality of its constitution);
- 2) the Purported Notice is in itself legally invalid; and
- 3) Prima facie evidences demonstrate that GZ Zheng Da continues to operate as usual and normal and is a qualified legal litigant (適格訴訟主體) at the People's Courts, and hence is not under liquidation.

The Company would like to report as follows:

- 1) the Public Database of National Enterprise Credit Information (Guangdong)(全國企業信用信息公示系統(廣東)) on GZ Zheng Da downloaded as at the date of this announcement reveals that:  
Registration Status            Enterprise in Business (Open)(在營(開業)企業)  
Authorised Legal Person    Ho Kam Hung 何鑑雄 (being a director of the Company)
- 2) the independent auditor's report (issued on 21 March 2017) on the consolidated financial statements of the Company for 2016 expressed an unqualified opinion; and
- 3) the recognition of GZ Zheng Da as a qualified litigant (適格訴訟主體) by the People's Courts in Guangdong Province, China (the latest record is on 4 May 2017).

If there is any new update on the legal status of GZ Zheng Da, the legality of the Purported Petition, the Purported Court Notice or the Purported Notice, further announcements will be made by the Company as soon as practicable.

This announcement is made by Zhong Hua International Holdings Limited (the “Company”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### **Background Information**

Zheng Da Real Estate Development Company Limited (正大房地產開發有限公司) (“HK Zheng Da”), a private company incorporated in Hong Kong, is an indirect subsidiary of the Company. HK Zheng Da and one of its three directors recently received a notice (告知函)(the “Purported Notice”) issued by an alleged “Liquidation Group of Guangzhou Zheng Da Real Estate Development Company Limited (廣州市正大房地產開發有限公司清算組)” (the “Alleged Zheng Da Liquidator”) albeit the operation of Guangzhou Zheng Da Real Estate Development Company Limited (廣州市正大房地產開發有限公司)(GZ Zheng Da), a Sino-Foreign Co-Operative Joint Venture established in Guangzhou, the People’s Republic of China (“China” or the “PRC”), remains as usual and normal as at the date of this announcement.

### **The Purported Notice**

The Purported Notice, dated 16 June 2017, was issued by the Alleged Zheng Da Liquidator and the addressees are 正大房地產開發有限公司(Zheng Da Real Estate Development Company Limited) and 廣州市越秀房地產開發經營有限公司 (Guangzhou Yue Xiu Real Estate Development and Operation Company Limited)(“Yue Xiu Co Ltd”), a private company established in Guangzhou, China (collectively the “Addressees”). Yue Xiu Co Ltd is an independent third party to the Company and its directors and substantial shareholders and their respective associates. HK Zheng Da and one of its three directors received the Purported Notice on or about 21 June 2017.

According to the record downloaded from the official website of Guangzhou Administration for Industry & Commerce Bureau (廣州市工商行政管理局), the shareholders of GZ Zheng Da are HK Zheng Da and 廣州市越秀房地產開發經營公司(Guangzhou Yue Xiu Real Estate Development and Operation Company)(“Yue Xiu Enterprise”), a state-owned enterprise operated under the Yue Xiu District Government, Guangzhou, China. Pursuant to the terms of relevant joint venture agreement (as revised) executed between HK Zheng Da and Yue Xiu Enterprise, HK Zheng Da holds 100% attributable interest in GZ Zheng Da.

To the best knowledge and belief and having made all reasonable enquiries, the Company confirms that Yue Xiu Co Ltd (i) is not a registered shareholder of GZ Zheng Da; (ii) does not have any attributable interest in GZ Zheng Da; and (iii) is not a creditor of GZ Zheng Da. Yue Xiu Co Ltd is not Yue Xiu Enterprise.

The Purported Notice seeks to convey, inter alia, the following messages (without prejudice on its validity) to the Addressees:

- 1) the Alleged Zheng Da Liquidator was constituted under a mandate granted by the Guangzhou Intermediate People's Court 廣州市中級人民法院 (the "Guangzhou Court") pertaining to a members' compulsory liquidation petition (apparently lodged by Yue Xiu Co Ltd)(the "Purported Petition");
- 2) the Alleged Zheng Da Liquidator is prepared to make submission to the Guangzhou Court for balloting the appointment of appraisal and auction agents to appraise and tender the assets of GZ Zheng Da for auction which include, inter alia, two parcels of land with an aggregate gross area of about 16,800 square metres and a 2-storey non-permanent commercial podium; and
- 3) the Addressees are urged to furnish any related information or proposal to the Alleged Zheng Da Liquidator within 15 days from the date of the Purported Notice.

### **Legality of the Purported Petition**

To the best knowledge and belief and having made all reasonable enquiries, the Company confirms as follows:

Both GZ Zheng Da and HK Zheng Da have never been served any statements of instigation of proceedings, notices of summons, notices of judgment, court orders or directives (including a court notice mentioned below), or any written judgment(s) or correspondence by the Guangzhou Court in relation to the Purported Petition or similar nature in due legal process in accordance with the relevant laws and regulations of The People's Republic of China (the "PRC") since 21 January 2009, the date of instituting the Purported Petition.

The Company hence inferred that the purported "authority" of the Alleged Zheng Da Liquidator may have been derived from what is purportedly an undated court notice (the "Purported Court Notice") downloaded from an unofficial legal database website. According to the Purported Court Notice, the Guangzhou Court purportedly directed a third party to

constitute an alleged liquidation group for liquidating GZ Zheng Da. However, **as at the date of this announcement, both GZ Zheng Da and HK Zheng Da are unable to trace any “public official record” about the Purported Petition or the Purported Court Notice (not even the relevant case number) in the official public domain of the Guangzhou Court**, a circumstance which apparently are not in compliance with usual and normal legal practices.

Shareholders of the Company and investors are urged to refer to the Company’s announcement dated 25 March 2013 for further information about the legality of the Purported Petition and the Purported Court Notice.

### **Legality of the Purported Notice**

The Purported Notice is the first notice or letter that HK Zheng Da (being the shareholder holding 100% attributable interest in GZ Zheng Da) so far received from the Alleged Zheng Da Liquidator, some six years from its alleged constitution in 2011.

Pursuant to the relevant provisions of the PRC laws and regulations, “the liquidation group shall finalize the liquidation within six months from the date of constitution in the case the liquidation is ordered by the People’s Court. If the liquidation is not yet finalized within six months under particular circumstance, the liquidation group shall apply for extension of its mandate at the People’s Court.” Hence, if the liquidator is unable to finalize the liquidation within six months and the extension of mandate is not being granted by the People’s Court, the liquidation group shall be dissolved by law.

The PRC legal counsel of HK Zheng Da noted that the Alleged Zheng Da Liquidator was unable to offer any evidence for the renewal of its mandate in separate court proceedings at the Guangzhou Court recently.

The PRC legal counsel of HK Zheng Da hence advised as follows:

- 1) the Alleged Zheng Da Liquidator’s mandate has expired and it does not have the capacity to proceed with the liquidation of GZ Zheng Da

the Alleged Zheng Da Liquidator does not possess a valid mandate to proceed with the liquidation of GZ Zheng Da nor to issue the Purported Notice (without prejudice on the legality of the Purported Court Notice); and

2) the Purported Notice is in itself legally invalid

even if there was a renewal of the Alleged Zheng Da Liquidator's mandate, the Purported Notice is in itself legally invalid as it does not mention if the liquidation proposal (清算方案) has been approved by shareholders, creditors or the People's Court;

3) Prima facie evidences demonstrate that GZ Zheng Da continues to operate as usual and normal and is a qualified legal litigant (適格訴訟主體) at the People's Courts, and hence is not under liquidation

Please refer to the prima facie evidences stated in the section headed "Latest Status of GZ Zheng Da" below.

### **Latest Status of GZ Zheng Da**

The Company would like to report as follows:

- 1) pending the demolition of to-be-vacant properties and re-development of the existing site into a grade A commercial complex, GZ Zheng Da operates a footwear wholesale and distribution outlet at a 2-storey non-permanent commercial podium erected at the development site and its operation remains usual and normal to-date;
- 2) the Public Database of National Enterprise Credit Information (Guangdong)(全國企業信用信息公示系統(廣東)) on GZ Zheng Da downloaded as at the date of this announcement reveals that:

Registration Status	Enterprise in Business (Open)(在營(開業)企業)
Authorised Legal Person	Ho Kam Hun 何鑑雄 (being a director of the Company)

The public database on GZ Zheng Da also concurrently reveals the following information under the Provisional Filing Information Column (備案信息欄目) viz "Liquidation Information (清算信息)":

Member of Liquidation Group Guangdong Guoding Law Firm  
(清算組成員廣東國鼎律師事務所)

Shareholders of the Company and investors are urged to refer to pages 10 – 11 of the Company’s annual report 2016 for further information about and notes to the alleged “Liquidation Provisional Filed (清算備案)”;

- 3) the independent auditor’s report (issued on 21 March 2017) on the consolidated financial statements of the Company for 2016 expressed unqualified opinion;
- 4) the annual tax return of GZ Zheng Da for 2016 indicated that the operation of GZ Zheng Da was usual and normal throughout the year ended 31 December 2016; and
- 5) the recognition of GZ Zheng Da as a qualified litigant (適格訴訟主體) by the People’s Courts in Guangdong (the latest record is on 4 May 2017).

### **Further Information**

GZ Zheng Da has filed written submissions to the Guangzhou Court, and has given oral petitions at the Guangzhou Court expressing grave concern about the Purported Petition, the Purported Court Notice and other related issues from time to time since 2011, and no formal reply had been received from the Guangzhou Court so far. Only the People’s Courts have power to determine with authority the validity and effect of, amongst other things, the Purported Petition, the Purported Court Notice and the Purported Notice, and the Company can give no assurance that the People’s Courts would concur with the views of the PRC legal counsel received by the Company and its subsidiaries (including HK Zheng Da and GZ Zheng Da). If there is any new update on the legal status of GZ Zheng Da, the legality of the Purported Petition, the Purported Court Notice or the Purported Notice, further announcements will be made by the Company as soon as practicable.

**Shareholders and investors are advised to exercise caution when dealings in the shares of the Company.**

By Order of the Board

**Zhong Hua International Holdings Limited**

**Ho Kam Hung**

*Executive Director*

Hong Kong, 27 June 2017

*As at the date of this announcement, the board of directors of the Company comprises: (i) Ho Kam Hung as executive director; (ii) Young Kwok Sui as non-executive director; and (iii) Tam Kong, Lawrence, Wong Miu Ting, Ivy and Wong Kui Fai as independent non-executive directors.*