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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 OF THE LISTING RULES IN RELATION TO THE APPEAL

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Ltd. (the “Listing Rules”).

Reference is made to the announcements of Zhong Hua International Holdings Limited (the “Company”) dated 11 February, 22 April, 22 June and 16 August 2010 in relation to, amongst other things, an appeal filed by 廣州市越秀房地產開發經營有限公司 (Yuexiu Real Estate Development & Operating Company Limited) (“Yuexiu Real Estate”) as the appellant (the “Appellant”) against 廣州市正大房地產開發有限公司 (Guangzhou Zheng Da Real Estate Development Company Limited) (“GZ Zheng Da”) and Zheng Da Real Estate Development Company Limited (正大房地產開發有限公司) (“HK Zheng Da”) as the appellees (collectively the “Appellees”) at Guangzhou Municipal Middle People’s Court (廣州市中級人民法院) (the “Guangzhou Court”) in August 2009 (the “Appeal”). Yuexiu Real Estate is wholly-owned by a private enterprise in Mainland China and does not have any connection with the Yuexiu District Government.

LITIGATION PROGRESS UPDATE

The Company would like to summarize the events incidental to the Appeal since 15 October 2009, the date of first hearing of the Appeal, together with other issues raised by the Appellees, as follows:

First Hearing of the Appeal held on 15 October 2009

The first hearing of the Appeal was convened by the Guangzhou Court on 15 October 2009 and no further court hearing had been held since then. The Appellees had reasons to believe that the presiding judges of the Appeal (the “Presiding Judges”) had unusual relationship with the legal representatives of the Appellant.

Telephone Notice of Meeting given at 5 p.m. on 8 December 2009

At about 5 p.m. on 8 December 2009, the legal advisers of the Appellees received a telephone call from the Guangzhou Court requesting for attendance at the court at 9 a.m. on the following day. The verbal notice did not indicate the purpose of attendance. Nevertheless, the Appellees were present at the court on time on 9 December 2009.

According to 中國人民共和國民事訴訟法第 122 條 (Rule 122 of Law of Civil Proceedings of The People’s Republic of China) (“Rule 122”), it is stipulated that “人民法院審理民事案件，應當在開庭三日前通知當事人和其他訴訟參與人。公開審理的，應當公告當事人姓名、案由和開庭的時間、地點。” (The People’s Court shall inform the parties and other participants engaged in the litigation three days prior to the hearing of civil proceedings. The names of parties involved, purposes of the trial, hearing time and venue shall also be given if it is an open trial.)

The Appellees, after seeking PRC legal advice, considered that the aforesaid verbal notice should not be regarded as a formal and valid notice of summons given by the Guangzhou Court as it did not comply with the requirements as prescribed by Rule 122, and the notice period given was too short and unreasonable.

Application for Recusal of Judges dated 8 December 2009

At 8 a.m. on 9 December 2009, the Appellees lodged an application for recusal of presiding judges (dated 8 December 2009) (the “Recusal Application”) to the Guangzhou Court on prima facie unusual relationship of the Presiding Judges with the legal representatives of the Appellant and the court contemporaneously acknowledged receipt of the application. Though the Appellees stayed at the court till noon, no meeting or hearing in relation to the Appeal had been convened by the Guangzhou Court on that date.

According to 民事訴訟法第 46 條 (Rule 46 of the Law of Civil Proceedings) (“Rule 46”), it is stipulated that “被申請迴避的人員在人民法院作出是否迴避的決定前，應當暫停參與本案的工作……” (Prior to a decision of recusal is accepted or not made by the People’s Court, the official who is subject to application for recusal shall temporarily refrain from engagement of the trial processing……) In addition, according to 民事訴訟法第 48 條 (Rule 48 of the Law of Civil Proceedings), it is stipulated that “人民法院對當事人提出的迴避申請，應當在申請提出的三日內，以書面形式作出決定。申請人對決定不服的，可以在接到決定時申請覆議一次。” (the People’s Court shall make a decision within three days upon application for recusal of judge being lodged by the party. If the applicant does not concur with the decision, he may apply for review once again upon receipt of the decision.)

The Appellees, after seeking PRC legal advice, considered that the Presiding Judges should refrain from engagement of the trial processing until a decision on Recusal Application was made, and the Guangzhou Court should give a written reply on its decision on Recusal Application (whether accepted or declined) to the Appellees within a reasonable time.

The Appellees have not up to the date of this announcement received any written reply from the Guangzhou Court in respect of the Recusal Application (whether accepted or declined) despite repeated complaints had been made since then.

Notice Advertised by the Appellant on 14 January 2010

On 14 January 2010, the Company was informed by a third party that the Appellant had advertised a notice on Hong Kong Economic Journal (信報) in Hong Kong on the even date stating, inter alia, that rulings on the Appeal had been made and the rulings were held against the Appellees.

Pursuant to Rule 13.09 of the Listing Rules (“Rule 13.09”), the Company released two announcements on 11 February and 22 April 2010 (the “Announcements”) confirming, amongst other things, that the Appellees had not received any valid written judgment in respect of the Appeal issued by the Guangzhou Court in accordance with the relevant PRC laws and regulations. The Company further confirmed in the Announcements that the Appellees had observed all due legal processes in respect of the Appeal and had been performing enquires with the Guangzhou Court in respect of the said allegations. The Appellees did not receive any written reply from the Guangzhou Court in this connection so far.

Trading in the Company's shares was temporarily suspended from 14 January to 22 April 2010 pending the release of the Announcements to clarify the allegations.

Copy of Alleged Written Judgment faxed to the Company on 5 February 2010

On 5 February 2010, the Company (but not the Appellees) received from a third party a faxed copy (but not an original) of a document purporting to be a judgment dated 4 December 2009 in which rulings in relation to the Appeal were held against the Appellees (the "Alleged Written Judgment").

As at the date of this announcement, the Appellees have not been notified in accordance with the relevant PRC laws and regulations of any meeting or hearing in respect of the Appeal convened by the Guangzhou Court since the first hearing of the Appeal held on 15 October 2010 (save for a chamber meeting held on 7 May 2010).

Pending a formal reply on decision of Recusal Application (whether accepted or declined) being given to the Appellees by the Guangzhou Court, the Appellees, after seeking PRC legal advice, considered that the Presiding Judges (who are also the subject to the Recusal Application) should temporarily refrain from engagement of the trial processing (including grant of judgment) in accordance with Rule 46 otherwise all such decisions, if made, during the interim period would have contravened the provisions set out in Rule 46. The Appellees, after seeking PRC legal advice, were of the view that the Alleged Written Judgment was not an effective disposition of the matter and thus was invalid and void.

Pursuant to Rule 13.09, the Company released an announcement on 16 August 2010 (the "August Announcement") confirming that (i) the Appellees had never received originals or copies of the Alleged Written Judgment or similar judgment in writing from the Guangzhou Court directly; and (ii) the Appellees were unable to find any official public record of the Alleged Written Judgment or similar rulings on the notice board or official website of the Guangzhou Court.

Alleged Court Notice posted on 19 and 23 June 2010

On 28 June 2010, a third party drew the Company's attention to the publication in Takungpao (大公報) in Hong Kong and the appearance on a specific website link http://www.chinacourt.org/fygg/detail.php?gg_id=113703 (the "Web Content") which downloaded a document purporting to be a notice of service (送達公告) addressed to HK Zheng Da, one of the Appellees (but not to both Appellees), in relation to the

Appeal (the “Alleged Court Notice”). The Alleged Court Notice, which was cited to be issued by the Guangzhou Court in June 2010 (but without a specific date), was to the effect, amongst other things, that (i) a judgment of the Appeal was made on 4 December 2009; (ii) the rulings made by the court of first instance were overturned; and (iii) the notice was deemed to be an original of written judgment being served to HK Zheng Da.

Original of the Alleged Court Notice was supposed to be posted on People’s Court Daily (人民法院報) in Mainland China first and re-posted on Takungpao (大公報) overseas (i.e. Hong Kong). However, the Appellees noted that (i) the posting date on People’s Court Daily (人民法院報), which was cited to be on 23 June 2010, was later than the posting date of Takungpao (大公報), which was on 19 June 2010; (ii) it appeared that the typo script and format of the notice downloaded from the Web Content was not identical to the version appeared in the notice posted on Takungpao (大公報); and (iii) there was no such Alleged Court Notice found in the published copy of People’s Court Daily (人民法院報) issued on 23 June 2010.

Although the Web Content can be accessed convolutedly (but only with hints of links and searches provided) under the heading of court notices (法院公告欄) in 中國法院網 (the Website of China Courts) (www.chinacourt.org), the information appearing in the Web Content (i.e. the PDF copy of the Alleged Notice) are not provided by the Guangzhou Court direct but are re-directed from People’s Court Daily (人民法院報). Though bearing the name of 中國法院網 (the Website of China Courts), it is only a news website operated by People’s Court Daily (人民法院報). Its legal disclaimer further states that all information posted on this website are for private reference purposes and should not be regarded as public notice with legal effect. The Web Content was removed from 中國法院網 (the Website of China Courts) subsequently without stating any reason.

According to 民事訴訟法第 84 條 (Rule 84 of Law of Civil Proceedings) (“Rule 84”), it is stipulated that “受送達人下落不明，或者用本節規定的其他方式無法送達的，公告送達 …………… 公告送達，應當在案卷中記明原因和經過。” (Service by notice shall be made only when the party who is to be served has been lost of contact, or cannot be accessed by all other means of communication prescribed by this provision……………The reasons and developments shall be explicitly stated in the notice of service).

The Appellees had always been reachable by the Guangzhou Court since 15 October 2009 and in particular the Appellees repeatedly filed complaints to the Guangzhou Court, amongst other things, demanding for written decision on Recusal Application. On 7 May 2010, the officials of the Guangzhou Court coordinated a chamber meeting to exchange views with the Appellees on complaints against improper judicial procedures of the Presiding Judges (including a decision on the Recusal Application) but no formal reply received from the Guangzhou Court so far. The Appellees, after seeking PRC legal advice, considered that the Alleged Court Notice (even if had conformed with Rule 84 in its context) would have contravened the prerequisite conditions for service by notice (送達公告) as prescribed by Rule 84. In addition, there was no reason for service by notice explicitly stated in the Alleged Court Notice.

According to 民事訴訟法第 138 條 (Rule 138 of Law of Civil Proceedings) (“Rule 138”), it is stipulated that “判決書應當寫明: (i) 案由、訴訟請求、爭議的事實和理由; (ii) 判決認定的事實、理由和適用的法律依據; ……………” (the written judgment shall state (1) the background, requisitions, facts and causes in disputes; (2) the facts, reasons and legal substantiation for rulings of judgment; ……………). If the Alleged Court Notice was regarded as a written judgment (as claimed in the Alleged Court Notice), the Appellees, after seeking PRC legal advice, considered that both the context and format of the Alleged Court Notice did not comply with the requirements as prescribed under Rule 138.

As stated in the August Announcement, the Appellees, after seeking PRC legal advice, was of the view that the Alleged Court Notice did not conform with the PRC legal provisions and differed materially from the form of a valid notice of service and thus did not constitute a valid notice to one of the Appellees.

Trading in the Company’s shares was temporarily suspended from 29 June to 16 August 2010 pending the release of the August Announcement to clarify the matter.

Requisition proposed by the Guangdong Court

On 22 October 2010, the Guangdong Provincial Higher People’s Court (廣東省高級人民法院) (the “Guangdong Court”) proposed to the Appellees to consider lodging a requisition for review of the Appeal. An official of the Guangdong Court invited the

Appellees to attend a non-official function and raised similar proposal again on 12 March 2011.

According to 民事訴訟法第 178 條 (Rule 178 of Law of Civil Proceedings), it is stipulated that “當事人對已經發生法律效力的判決、裁定，認為有錯誤的，可以向上一級人民法院申請再審.....” (if the party considers that mistake has been made in the legally enforceable judgment or verdict, he may lodge a requisition for review at the higher level of the People’s Court).

The Appellees, after seeking PRC legal advice, consider that it is premature to conclude if a requisition should be lodged or not at this stage unless and when:

- (i) the Appellees receives from the Guangzhou Court a written reply addressing the complaints about the improper judicial practices of the Presiding Judges (including a decision on the Recusal Application) repeatedly filed by the Appellees; and
- (ii) the Appellees receives from the Guangzhou Court a valid judgment in writing in respect of the Appeal which is issued in accordance with the relevant PRC laws and due judicial procedures.

According to 民事訴訟法第 177 條 (Rule 177 of Law of Civil Proceedings), it is stipulated that “各級人民法院院長對本院已經發生法律效力的判決、裁定，發現確有錯誤，認為需要再審的，應當提交審判委員會討論決定。” (if the chief judge of all levels of People’s Courts is aware that mistakes have been made in the legally enforceable judgment or verdict, and considers re-trial is preferred, he shall submit the case to the judicial committee for discussion and decision.)

The Appellees, after seeking PRC legal advice, consider that the relevant PRC court authority should seriously review the complaints raised by the Appellees about the improper judicial procedures of the Presiding Judges made during the trial and self-rectify (自糾) the situation in accordance with the relevant PRC laws and regulations as circumstances necessitate.

LATEST STATUS OF THE APPEAL

As at the date of this announcement, the Appellees confirmed that

- (i) no written reply on Recusal Application had been received from the Guangdong Court;

- (ii) no valid notice of summons or judgment in respect of the Appeal had been served by the Guangzhou Court since 15 October 2009, the latest date of the hearing of the Appeal;
- (iii) no formal hearing in respect of the Appeal had been convened by the Guangzhou Court since 15 October 2009; and
- (iv) no valid written judgment in respect of the Appeal, which was issued in accordance with the relevant PRC laws and due judicial procedures, had been received from the Guangzhou Court directly.

Both the Company and the Appellees consider that no further action is required at this stage in respect of the Appeal until receipt of a formal and legally valid notice or direction issued in accordance with the relevant PRC laws and due judicial procedures by the Guangzhou Court or its higher court. However, only the courts of the PRC have power to determine with authority the validity and effect of the judgment of the Appeal, and the Appellees will fully accept and observe all court rulings which are granted in accordance with the relevant PRC laws and due judicial procedures. The Company can give no assurance that the courts of the PRC would concur with the independent legal advice received by the Company and the Appellees. If there is any material development about the Appeal, further announcement will be made by the Company as circumstances necessitate.

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

By Order of the Board
Zhong Hua International Holdings Limited
Ho Kam Hung
Executive Director

Hong Kong, 23 March 2011

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

** for identification purposes only*