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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 AND
THE INSIDE INFORMATION PROVISIONS
AND
RESUMPTION OF TRADING**

Trading in the Shares was temporarily suspended on 31 January 2013 after the attention of the Company was drawn to:

- (i) statements in the LS Report A mentioned to the effect that (a) Zheng Da had instituted the Purported Cases and related Purported Orders were made in December 2012; and (b) the corporate status (企業狀況) of Zheng Da is “under liquidation (清算中)”; and
- (ii) the appearance of six documents purporting to be copies of the Purported Orders on 匯法網 (Hui Fa Wang) website (www.lawxp.com).

Zheng Da has never handled, filed or registered (立案) on its own accord, or authorized any third party to handle, file or register (立案) the Purported Cases, and the Purported Orders have never been served on Zheng Da or the Purported Defendants in due legal process. Having taken PRC legal advice, to the best knowledge and belief of the Company:

- the purported authority of the so-called Zheng Da Liquidator is derived from the Purported Court Notice which is invalid and void. Therefore the purported representation of Zheng Da by the so-called Zheng Da Liquidator in the capacity of “*agent ad litem* (訴訟代表人)” is also invalid and void;
- the hearing processes of the Purported Cases (if any) do not conform to the legal provisions and judicial procedures in the PRC and thus do not constitute legally enforceable trials of Zheng Da; and
- the Purported Orders are not effective dispositions of the matters to which they purportedly relate and thus are invalid and void.

The certified copy of the Basic Corporate Registration Information (企業註冊基本資料) issued by Guangzhou AIC Bureau in mid March 2013 confirmed that the corporate status of Zheng Da is “operation commenced (已開業)”.

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 “Stock Exchange”) (the “Listing Rules”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance.

Reference is made to the announcement of Zhong Hua International Holdings Limited (the “Company”) dated 8 February 2013 in relation to alleged information released on certain websites which, if it were correct, would have a material adverse impact on one of the Company’s major assets.

BACKGROUND OF THIS ANNOUNCEMENT

Trading in the shares of the Company (the “Shares”) was temporarily suspended on 31 January 2013 (the “Suspension”) after the attention of the Company was drawn to:

- (i) statements in a legal search report (“LS Report A”) prepared by a legal search company A (“LS Co A”) which mentioned to the effect that (a) Guangzhou Zheng Da Real Estate Development Company Limited (廣州市正大房地產開發有限公司) (“Zheng Da”) (a Sino-

Foreign joint venture established in Guangzhou, Guangdong Province, China (the “PRC”), in which the Company presently has a 25% attributable interest and the right to acquire the remaining 75% attributable interest therein, and which is recognised as a subsidiary of the Company in its consolidated financial statements) had instituted six civil litigation proceedings as plaintiff against six third parties in connection with tenancy disputes at the Guangzhou Municipal Intermediate People’s Court (廣州市中級人民法院) (the “Guangzhou Court”) (the “Purported Cases”) and related rulings were made by the Guangzhou Court in early December 2012 (the “Purported Orders”); and (b) the corporate status (企業狀況) of Zheng Da is “under liquidation (清算中)”; and

(ii) the appearance of six documents purporting to be copies of the Purported Orders on 匯法網 (Hui Fa Wang) website (www.lawxp.com), a commercial legal database website registered in the PRC.

However, the management of Zheng Da has confirmed to the Company that it did not initiate any such proceedings, and both the Company and Zheng Da were not aware of the Purported Cases or the Purported Orders until mid January 2013 when the Company was forwarded by its auditors (the ‘Auditors’) a copy of the LS Report A for comments. The Company requested the Suspension pending the conduct of enquiries into and legal advice on this matter, and release of this announcement to clarify the situation.

THE PURPORTED CASES

As part of auditing routines, LS Co A was engaged by the Auditors to carry out a litigation status search against Zheng Da, an indirect subsidiary of the Company. The LS Report A shown to the Company mentioned that Zheng Da was involved as plaintiff in six civil litigation proceedings pertaining to leasing contract disputes at the Guangzhou Court and rulings in the six proceedings were all made on 4 December 2012. The rulings of the Purported Orders were “*the Guangzhou Court has directed the Guangzhou Tianhe District People’s Court (廣州市天河區人民法院)(the “Tianhe Court”) to hear the cases.*” No further particulars, including dates of

summons and source of information, were disclosed in the LS Report A. LS Co A advised a representative of Zheng Da that its information was derived from a classified source that could not be disclosed.

The Company commissioned another legal search company to carry out similar litigation status searches against Zheng Da. The legal search report (“LS Report B”) prepared by the second legal search company, which search referred only to public information released by the municipal and district people’s courts in the PRC, did not report that the Purported Cases actually exist.

Both the Company and Zheng Da were also unable to find any information about the Purported Cases or the Purported Orders on public websites until on or about 28 January 2013.

In late February 2013, the Company, through a third party, commissioned LS Co A to carry out a further and separate litigation status search against Zheng Da. The findings of the second legal search report prepared by LS Co A were identical to those in its first report as described above. LS Co A, this time, confirmed that its information was sourced from 匯法網 (Hui Fa Wang) website.

THE PURPORTED ORDERS

On or about 28 January 2013, it appeared that 匯法網 (Hui Fa Wang) website uploaded six documents of purporting to be copies of the Purported Orders. The Purported Orders mentioned that Zheng Da and six of its present and former customers (collectively the “Purported Defendants”) were involved as plaintiff and defendants respectively in six individual leasing contract disputes with, amongst other things, an aggregate amount in disputes of about RMB 1,470,000 (equivalent to approximately HK\$1,838,000). The Purported Orders, which were all purportedly made by the Guangzhou Court on 4 December 2012, apparently directed that the said cases to be heard by its lower level court, Tianhe Court.

匯法網 (Hui Fa Wang) website is a legal news and information website registered in Beijing, the PRC in 2009. According to its “About Us” column, the website focuses on serving the community as its primary objective and making profits as its secondary objective, and provides legal information to users on a fee basis. So far as the

Company is aware, the information stored in the database of 匯法網 (Hui Fa Wang) website is uploaded to the website by legal executives or indeed anyone in the capacity of “Web Members”. Users may purchase the information and download it from the website. The website contains a website statement (網站聲明) in the “Uploading Files” column to the following effect:

“Recently, there have been instances of members altering contents such as the trial court, case category and case number, and then uploading such information onto the website. This creates a significant impact on the accuracy of the data presented at this website and on our work in relation thereto. We hereby declare that where any member alters the contents of more than three cases, his or her account will be barred for use for three days. If, after the account is unbarred, the member concerned is found to be continuing with the above acts, the account will be permanently removed. We hope you will understand the inconvenience thereby caused to you, and we request you to work in tandem with us so that we can work together to operate a sound interactive legal platform.”

It can therefore be seen that 匯法網 (Hui Fa Wang) website is but a commercial website, and the cases information uploaded thereto may not be provided by the courts or judiciary authorities. The Company therefore believes that the reliability of information on the 匯法網 (Hui Fa Wang) website is open to doubt.

BACKGROUND OF THE PURPORTED CASES

The Company believes that the information about the Purported Cases might be connected with a civil appeal case heard at the Guangzhou Court in 2009 (the “Appeal”), in which Zheng Da was one of the two appellees (the “Appellees”) (the other appellee was Zheng Da Real Estate Development Company Limited (“HK Zheng Da”), a private company incorporated in Hong Kong which holds 100% of the registered and equity interest in Zheng Da and is also an indirect subsidiary of the Company). The Appeal was first heard in October 2009 and no further hearing has been held since then.

Both Appellees have confirmed that since 15 October 2009, the date of first hearing of the Appeal, they have never received from the Guangzhou Court any notices of summons, notices of institution of proceedings or notices of judgment, court orders or

any written judgment(s), if any, that should be served or notified to them in due process in accordance with the relevant laws and regulations of the PRC. The Appellees further confirmed that they have observed all legal processes in respect of the Appeal.

Both Appellees hence reasonably believed that major judicial procedural irregularities and legal point defects (collectively the “Legal Defects Issues”) had been contemplated in the course of trial of the Appeal. In this regard, the Appellees have at all material times remained in contact (the latest meeting was held in early February 2013) with the officials of the Guangzhou Court and its higher level court, Guangdong Provincial Higher People’s Court (廣東省高級人民法院) (the ‘Guangdong Court’) and exchanged views of the Legal Defects Issues of the Appeal and other related proceedings. No formal reply from the Guangzhou Court or the Guangdong Court has been received so far.

Shareholders of the Company (the “Shareholders”) are urged to read the announcements of the Company dated 11 February, 22 April, 22 June and 16 August 2010, and 23 March 2011 in relation to, inter alia, the Legal Defects Issues of the Appeal.

With reference to the content of the Purported Orders (assuming they are legally valid), the Company understands that the relevant civil proceedings against the Purported Defendants were instituted by a person citing the name of so-called “*the 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)” (“Zheng Da Liquidator”) purportedly as “*agent ad litem* (訴訟代表人)” representing Zheng Da. After taking PRC legal advice, Zheng Da considers that the Zheng Da Liquidator could be “*agent ad litem* (訴訟代表人)” of Zheng Da only if and when it obtained the lawful authority of Zheng Da to act as such. However, Zheng Da has confirmed to the Company that it has never authorized or instructed any third party to handle, file or register (立案) the Purported Cases as plaintiff with the Guangzhou Court.

The Company’s PRC legal adviser hence speculates that the purported “authority” of the so-called Zheng Da Liquidator may be derived from what is purportedly an undated court notice (the “Purported Court Notice”) downloaded from an unofficial legal database website. Based on the Purported Court Notice, the Guangzhou Court purportedly directed a third party to set up a so-called liquidation group for Zheng Da. However, both Zheng Da and its PRC legal adviser could not find the Purported Court

Notice in the official public domain of the Guangzhou Court and Zheng Da's PRC legal adviser also advised that the format of the Purported Court Notice did not conform with the common court notices of similar nature (for example, the Purported Court Notice did not state the case number, dates of order and posting).

Both Zheng Da and HK Zheng Da confirmed that they had never been served any statements of institutions of proceedings, notices of summons or notices of judgment, orders or written judgment(s) in relation to liquidation petition or of a similar nature in due process from the Guangzhou Court pursuant to relevant laws and regulations of the PRC. It appeared that the purported liquidation petition for Zheng Da was instituted by 越秀房地產開發經營有限公司 (“Yue Feng”), a third party which was the appellant in the Appeal, but neither had any equity or any other interest in Zheng Da nor was a creditor of Zheng Da. Hence, Zheng Da’s PRC legal adviser is of the view that Yue Feng did not meet the pre-requisite conditions for filing a liquidation petition against Zheng Da pursuant to the relevant laws and regulations of the PRC. Based on the record and facts known to Zheng Da and having taken PRC legal advice, both Zheng Da and HK Zheng Da are of the view that the Purported Court Notice cannot be considered as legally valid. Zheng Da has raised its grave concern about the Purported Court Notice and related issues during meetings with officials of the Guangzhou Court and the Guangdong Court since mid 2012 but no formal reply was received from the Guangzhou Court or the Guangdong Court so far.

THE LEGALITY OF THE PURPORTED ORDERS

Zheng Da and all Purported Defendants have confirmed to the Company that they never received any statements of institution of proceedings, or notices of summons issued by the Guangzhou Court or the Tianhe Court in relation to the Purported Cases, or any written judgment or order (including the Purported Orders) issued by the Guangzhou Court in respect of the Purported Cases.

Despite searches of public databases (including legal notice boards) of both the Guangzhou Court and Tianhe Court against the Purported Cases or the Purported Orders, both Zheng Da and the Company, together with at least two legal search companies commissioned by the Company, were unable to find any “public official record” of the Purported Cases having been on trial at the Guangzhou Court or the Tianhe Court, or that the Purported Orders exist or are legally valid if they do exist.

Under the circumstances that Zheng Da has never handled, filed or registered (立案) on its own accord, or authorized any third party to handle, file or register (立案) the Purported Cases, and the Purported Orders have never been served on Zheng Da or the Purported Defendants in due legal process, and having taken PRC legal advice, to the best knowledge and belief of the Company:

- the purported authority of the so-called Zheng Da Liquidator is derived from the Purported Court Notice which is invalid and void. Therefore the purported representation of Zheng Da by the so-called Zheng Da Liquidator in the capacity of “*agent ad litem* (訴訟代表人)” is also invalid and void;
- the hearing processes of the Purported Cases (if any) do not conform to the legal provisions and judicial procedures in the PRC and thus do not constitute legally enforceable trials of Zheng Da; and
- the Purported Orders are not effective dispositions of the matters to which they purportedly relate and thus are invalid and void.

Recently Zheng Da and HK Zheng Da filed a submission to the Guangzhou Court expressing grave concern about the Purported Court Notice and other related issues and are waiting for a response from the Guangzhou Court. Only the courts in the PRC have powers to determine with authority the validity and effect of the judgment of the Appeal, the Purported Court Notice and the Purported Orders and the Company can give no assurance that the courts in the PRC would concur with the PRC legal advice received by the Company. If there is any material development about the Appeal and related matters, further announcements will be made by the Company as circumstances necessitate.

CORPORATE STATUS OF ZHENG DA

Some legal search reports may include results of corporate information searches. The LS Report A, without quoting its source of information, mentioned that the corporate status (企業狀況) of Zheng Da is “under liquidation (清算中)”. LS Co A confirmed separately that the information was sourced from Guangzhou Administration for

Industry & Commerce Bureau (廣州市工商行政管理局) (“Guangzhou AIC Bureau”) via a classified channel (機密渠道). Based on the legal search reports prepared by LS Co A for Zheng Da and the communication record between LS Co A and the Company for the latest three years, the Company doubts that such findings in LS Co A’s legal search reports are reliable. The LS Report B did not include the results of a corporate information search.

The corporate information of enterprises registered in Guangzhou, Guangdong Province, the PRC is a matter of public record which can be obtained at the Guangzhou AIC Bureau by the public. The certified copy of the Basic Corporate Registration Information (企業註冊基本資料) issued by Guangzhou AIC Bureau in mid March 2013 confirmed that the corporate status of Zheng Da is “operation commenced (已開業)”. The Company’s record indicated that Zheng Da filed its audited accounts and tax return for year of filing (年檢年度) of 2011 in June 2012. The due date for filing the audited accounts and tax return of Zheng Da for 2012 is 30 June 2013.

PRINCIPAL ASSET OF ZHENG DA

The sole asset of Zheng Da is the holding of a parcel of land in the Yuexiu District (越秀區), Guangzhou, Guangdong Province, the PRC. The development project of Zheng Da is intended to be completed in 2013 but the construction schedule has been deferred pending of the outcome of the Appeal. Meantime, the non-permanent commercial podium at the development site continues to operate as a shoes and footwear wholesale and distribution outlet. Shareholders are urged to read page 8 of the annual report of the Company for the year ended 31 December 2011 for further information about the business of Zheng Da.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares was suspended with effect from 9:00 a.m. on 31 January 2013 pending the release of this announcement. Application has been made by the

Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 26 March, 2013.

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 Kung
Executive Director

Hong Kong, 25 March 2013

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) Lawrence K. Tam, Wong Miu Ting, Ivy and Wong Kui Fai as independent non-executive directors.