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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)

Loss Warning

This announcement is made pursuant to Rule 13.09 (2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance.

The purpose of this announcement is to alert shareholders and investors that Zhong Hua International Holdings Limited (the “Company”) may record a net loss (before taxation) in 2019.

With reference to the latest management accounts of the Company and its subsidiaries (altogether the “Group”) for the year ended 31 December 2019 (“FY 2019”), the Group is expected to record a net loss (before taxation) of not less than HK\$75 million as compared to the audited net profit (before taxation) of HK\$69.4 million for the year ended 31 December 2018 (“FY 2018”).

The estimated loss is primarily attributed to the following causes:

- i) a revaluation deficit of approximately HK\$78 million (provisional figure) arising from the Group’s investment property portfolio, all of which located in Mainland China, for FY 2019 after taking reference to the preliminary valuation appraised by independent professional property valuers (the “Valuers”) as compared to the revaluation surplus of HK\$53.5 million (audited figure) recorded for FY2018; and
- ii) the Group’s rental income dropping from HK\$51.3 million (audited figure) for FY2018 to approximately HK\$42 million (provisional figure) for FY2019 due to the demolition of a 2-storey non-permanent commercial podium in Guangzhou in August 2019, details of which are disclosed in the Company’s interim report for the six months ended 30 June 2019.

Please be cautioned that the above financial information is provided based on the Company's draft consolidated account prepared in mid January 2020 and preliminary valuation on the Group's property portfolio as at 31 December 2019 as appraised by the Valuers. **The above figures are provisional and may be subject to further adjustment(s), if any.** The management of the Company (the "Management") may (i) revise the management accounts of the Company's principal subsidiaries for FY2019 once and upon further updated financial information are available following the recent resumption of operations of those subsidiaries located in Mainland China; (ii) make further impairment on assets, if any; (iii) adjust the property revaluation deficit if the Valuers revise their preliminary property valuations (if they think fit) after physical inspection of the subject properties; or (iv) make further audit adjustments as requested by the Company's auditor (the "Auditor"), if any. **All figures above are unaudited without reviewed by or agreed with the Auditor.**

The challenges arising from the COVID-19 pandemic in Mainland China and Hong Kong are unprecedented as the Group's principal operations in Mainland China have ceased operations per state orders since Chinese New Year while personnel of head office, local staff of the Auditor and Valuers are restricted to travel freely in Mainland China. In view of the severity of the outbreak, it is necessary and appropriate to accord priority to the health and safety of all personnel when performing their audit work.

The Group's operation in Guangzhou resumed causal operation on 24 February 2020 while operation in Chongqing resumed pilot operation on 15 March 2020, both in accordance with the business resumption permits granted by local governments. The Management is striving with the Auditor to catch up the audit progress behind schedule as far as practicable.

Notwithstanding the strenuous situation in face of the Management and all professionals ahead, the Company will use its best endeavours to meet the preliminary results reporting deadline for FY2019 by 31 March 2020, however there is no assurance that such deadline can be met at the date of this announcement. The Management will consult the Stock Exchange should circumstance necessitates.

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

Hong Kong, 18 March 2020

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. Tam Kong, Lawrence, Ms. Wong Miu Ting, Ivy and Mr. Wong Kui Fai as independent non-executive directors.