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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**

The purpose of this announcement is to provide an update of the latest development of the Alleged “Liquidation Petition” against GZ Zheng Da, an indirect subsidiary of the Group.

The Group’s property interest in Guangzhou is wholly-owned by GZ Zheng Da, of which HK Zheng Da, an indirect subsidiary of the Group, has an 100% equity interest.

According to the current official record maintained at the GZ Commerce Bureau, the registered equity holders of GZ Zheng Da remain as HK Zheng Da and 越秀國企, with capital contributions of HK\$150 million and HK\$ Nil respectively while its registration status is “Enterprise in Operation (in Business) (在營(開業)) and its authorized representative is an executive director of the Company.

It appears that another enterprise named 越房私企 lodged the Purported Liquidation Petition against GZ Zheng Da at the Guangzhou Court in 2009 but both GZ Zheng Da and HK Zheng Da confirmed that, during the period from January 2001 to May 2021, they had never been served any statement(s) of instigations of proceedings, notice(s) of summons or notice(s) of judgment, order(s) or written judgment(s) in relation to the Purported Liquidation Petition by the Guangzhou Court in accordance with the prevailing PRC laws and due judicial procedures.

In mid-May 2021, GZ Zheng Da received a written judgement (民事裁定書) from the Guangzhou Court. The written judgement granted an order to the effect that the Liquidation Petition pleaded by 越房私企 was turned down (駁回強制清算申請裁定).

In the Dismissal Order, the Guangzhou Court also ascertained that GZ Zheng Da remains “in operation (在業)” and that HK Zheng Da has 100% equity interest in GZ Zheng Da.

The Dismissal Order was the first court paper in relation to the Liquidation Petition that GZ Zheng Da had ever received from the Guangzhou Court, over 10 years from the alleged plead made by 越房私企 in 2009. The Company was once pleased to note that the Dismissal Order ruled 越房私企 did not fulfill the prerequisites for pleading a liquidation petition against GZ Zheng Da.

越房私企 submitted an appeal to the Dismissal Order at the Guangdong Court as permissible by law in August 2021.

In mid-June 2023, GZ Zheng Da received a written judgment (民事裁定書) from the Guangdong Court. The written judgment granted an order to the effect that (i) the Dismissal Order granted by the Guangzhou Court was rescinded (撤銷裁定) (the “Rescission Order”) and (ii) the Guangzhou Court was ordered to proceed the case (指令市中院審理本案).

In the Recission Order, the Guangdong Court concurred with the facts testified by the Guangzhou Court (對市中院查明的事實予以確認).

The Company acknowledges that GZ Zheng Da, as permissible by law, has lodged a re-trial plead (再審申請) at the Highest People’s Court (最高人民法院) (the “Highest Court”) in Beijing, China to petition for, inter alia, (i) rescinding the Rescission Order granted by the Guangdong Court; and (ii) the case be heard by the Highest Court.

The Company is disappointed to the verdict made by the Guangdong Court as it turned down the ruling made by the Guangzhou Court some two years ago.

It is anticipated that if and when the Guangzhou Court re-considers the Liquidation Petition made by 越房私企, it should convene the pre-liquidation briefing (清算前聽証會) in accordance with the PRC prevailing laws and regulations governing compulsory liquidation, the purpose of which is to summon the interested parties if the appellant is qualified to petition, if the appellee has triggered the cause of dissolution and if the compulsory liquidation petition complies with the legal requirements.

If the Guangzhou Court convenes the pre-liquidation briefing, GZ Zheng Da will be confident in challenging and substantiating that the Liquidation Petition pleaded by 越房私企 is without legal grounds (依法無據).

Based on the grounds stated above and after taking PRC legal advice, the Company remains optimistic in receiving a favourable judgement in the re-trial plead (再審申請).

This announcement is made by Zhong Hua International Holdings Limited (the “Company”) pursuant to Rule 13.09 (2) of 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.

Reference is made to the sections entitled “Group Structure of GZ Zheng Da” and “Alleged ‘Liquidation Petition’ Against GZ Zheng Da” of “Further Information” chapter set out in the Company’s annual report for the year ended 31 December 2022 (the “Annual Report”). Terms used below shall adopt the same meanings as defined in the Annual Report unless otherwise specified.

The purpose of this announcement is to provide an update of the latest development of the Alleged “Liquidation Petition” against GZ Zheng Da, an indirect subsidiary of the Group.

BACKGROUND OF THE ALLEGED “LIQUIDATION PETITION”

The Group’s property interest in Guangzhou is wholly-owned by GZ Zheng Da, of which HK Zheng Da, an indirect subsidiary of the Group, has an 100% equity interest.

GZ Zheng Da was set up as a sino-foreign co-operative joint venture by the predecessor of HK Zheng Da and 越秀國企 in Guangzhou in December 1993. In 1994, both parties executed a supplemental profit sharing agreement (the “Profit Sharing Agreement”) to the effect that 越秀國企 irrevocably agreed to surrender all its interest in, benefits, profits, and liabilities of GZ Zheng Da, except for receipt of management fees of RMB 10 million (of which amount had been fully paid) and a fixed profit entitlement of RMB 38 million (to be distributed upon completion of project) (collectively the “Specific Revenue”). As such, HK Zheng Da (which subsequently took up all its predecessor’s interest) had to bear all capital and investment costs as well as liabilities and business risks of GZ Zheng Da thereafter.

The joint venture period of GZ Zheng Da was supposed to be 15 years ended in December 1998. Following the unanimous consent of the board of GZ Zheng Da granted in May 2008 and the respective approvals granted by the Yuexiu Foreign Trade and Economic Bureau (越秀區對外貿易經濟合作局) and the GZ Commercial Bureau thereafter, the joint venture period of GZ Zheng Da was extended for another 15 years till 2023, extendable further if with unanimous consent of the board of GZ Zheng Da by then.

According to the current official record maintained at the GZ Commerce Bureau, the registered equity holders of GZ Zheng Da remain as HK Zheng Da and 越秀國企, with capital contributions of HK\$150 million and HK\$ Nil respectively while its registration

status is “Enterprise in Operation (in Business) (在營(開業)) and its authorized representative is an executive director of the Company

Contemporaneously, it appears that another enterprise named 越房私企, a private enterprise which was assumed to have acquired certain assets from 越秀國企 in 2006, claimed that it took up the interest in GZ Zheng Da from 越秀國企 but as of to-date 越房私企 was unable to submit any official record in accordance with then legal requirements to substantiate its claim. From the perspective of GZ Zheng Da, 越房私企 is not 越秀國企.

It further appears that 越房私企 lodged the Purported Liquidation Petition against GZ Zheng Da at the Guangzhou Court in January 2009 but both GZ Zheng Da and HK Zheng Da confirmed that, during the period from January 2001 to May 2021, they had never been served any statement(s) of instigations of proceedings, notice(s) of summons or notice(s) of judgment, order(s) or written judgment(s) in relation to the Purported Liquidation Petition by the Guangzhou Court in accordance with the prevailing PRC laws and due judicial procedures.

Based on the record and facts known to the Company and GZ Zheng Da and having obtained PRC legal advice, the Company is of the view that, amongst the others, 越房私企 is a third party without any equity or any other interest in GZ Zheng Da nor is a creditor of GZ Zheng Da and hence is unlikely to meet the pre-requisite conditions for instituting a liquidation petition against GZ Zheng Da pursuant to the prevailing PRC company laws and liquidation procedures.

Further details about the lawful authority of the Purported Liquidation Petition in question have been disclosed in the Annual Report.

THE DISMISSAL ORDER

In mid-May 2021, GZ Zheng Da received a written judgement (民事裁定書) from the Guangzhou Court. The written judgement granted an order to the effect that the Liquidation Petition pleaded by 越房私企 was turned down (駁回強制清算申請裁定) (the “Dismissal Order”) on the grounds that “there are major disputes between the two parties on the cause(s) of dissolution of the company, major assets of the company and interests in partners’ equity and such disputes had not been decided by trial or arbitration yet (雙方對於廣州正大是否發生解散事由、公司主要財產以及公司權益尚有較大爭議，且爭議至今未經訴訟或者仲裁予以確認)”.

In the Dismissal Order, the Guangzhou Court also ascertained that GZ Zheng Da remains “in operation (在業)” and that HK Zheng Da has 100% equity interest in GZ Zheng Da.

The Dismissal Order was the first court paper in relation to the Liquidation Petition that GZ Zheng Da had ever received from the Guangzhou Court, over 10 years from the alleged plead made by 越房私企 in 2009. The Company was once pleased to note that the Dismissal Order ruled 越房私企 did not fulfill the prerequisites for pleading a liquidation petition against GZ Zheng Da.

越房私企 submitted an appeal to the Dismissal Order at the Guangdong Court as permissible by law in August 2021.

THE RESCISSION ORDER

In mid-June 2023, GZ Zheng Da received a written judgment (民事裁定書) from the Guangdong Court. The written judgment granted an order to the effect that (i) the Dismissal Order granted by the Guangzhou Court was rescinded (撤銷裁定) (the “Rescission Order”) and (ii) the Guangzhou Court was ordered to proceed the case (指令市中院審理本案).

In the Rescission Order, the Guangdong Court concurred with the facts testified by the Guangzhou Court (對市中院查明的事實予以確認) but was of the view that “the equity partners of GZ Zheng Da should exit in order via the liquidation process given their conflicts are significant and the co-operative objective has been lapsed for a prolonged period as well as the corporate management is in deadlock. The joint venture partners should proceed the legal means of the liquidation process to sorting out the related disputes in specific allocation of the joint venture interests and related matters (廣州正大的股東之間矛盾分歧重大，合作目的早已落空，公司經營管理陷入僵局，應當通過清算程序有序退出。合作雙方對於合作權益具體分配等事項的相關爭議，應在公司清算程序中適法律途徑解決)”.

The Company acknowledges that GZ Zheng Da, as permissible by law, has lodged a re-trial plead (再審申請) at the Highest People’s Court (最高人民法院) (the “Highest Court”) in Beijing, China to petition for, inter alia, (i) rescinding the Rescission Order granted by the Guangdong Court; and (ii) the case be heard by the Highest Court.

IMPLICATIONS OF THE RESCISSION ORDER

The Company is disappointed to the verdict made by the Guangdong Court as it turned down the ruling made by the Guangzhou Court some two years ago.

Notwithstanding the Dismissal Order has been dismissed by the Highest Court, the Guangzhou Court had questioned the previous trial of the Liquidation Petition not yet ascertained the major disputes such as cause(s) of dissolution of the company, major assets of the company and interests in partners’ equity.

It is anticipated that if and when the Guangzhou Court re-considers the Liquidation Petition made by 越房私企, it should convene the pre-liquidation briefing (清算前聽証會) in accordance with the PRC prevailing laws and regulations governing compulsory liquidation, the purpose of which is to summon the interested parties if the appellant is qualified to petition, if the appellee has triggered the cause of dissolution and if the compulsory liquidation petition complies with the legal requirements.

If the Guangzhou Court convenes the pre-liquidation briefing, GZ Zheng Da will be confident in challenging and substantiating that the Liquidation Petition pleaded by 越房私企 is without legal grounds (依法無據).

Based on the grounds stated above and after taking PRC legal advice, the Company remains optimistic in receiving a favourable judgement in the re-trial plead (再審申請).

Should there be any update on the legal status of GZ Zheng Da, further announcement will be made by the Company as soon as practicable.

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

Hong Kong, 27 July 2023

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.