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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

- (1) ALLEGED “LIQUIDATION PETITION”
PROGRESS UPDATE;
(2) DELAY IN PUBLICATION OF THE 2023 RESULTS AND
DESPATCH OF THE ANNUAL REPORT 2023; AND
(3) INTERIM SUSPENSION OF SHARES TRADING**

Reference is made to the Interim Announcement (as defined below) and the purpose of this announcement is (i) to provide an update of the latest development of the Alleged “Liquidation Petition” against GZ Zheng Da, which the Group had a 25% equity interest; and (ii) to provide the expected timetable for publication of the 2023 Results and the dispatch of the Annual Report 2023.

Background of the Alleged “Liquidation Petition” against GZ Zheng Da, which had been initiated since 2009, as well as the Dismissal Order and the Rescission Order was summarised in the Rescission Order Announcement.

THE DISMISSAL ORDER

In the Dismissal Order (駁回裁定),

- (i) the Guangzhou Court (廣州市中院) ascertained that GZ Zheng Da remained “in operation (在業)” and HK Zheng Da had 100% equity interest in GZ Zheng Da. This statement affirmed that GZ Zheng Da, the appellee (被清算呈請人), remained undissolved and 越房私企, the

applicant (清算呈請人), was not qualified to plead for compulsory liquidation in the capacity as an equity holder of GZ Zheng Da as at the date of plead (清算呈請日); and

- (ii) it indicated that the Guangzhou Court rectified (自糾) its earlier decision made on appointing the liquidation group (清算組) for GZ Zheng Da and admitted that such decision made was, among other things, not in accordance with then prevailing compulsory liquidation law and regulations and without judicial justice for GZ Zheng Da.

THE RECISSION ORDER

The Recission Order (撤銷裁定) granted by the Guangdong Court (廣東省高院) was to the effect that (i) the Dismissal Order granted by the Guangzhou Court was rescinded (予以撤銷); and (ii) the Guangzhou Court was ordered to proceed the case (指令市中院審理本案).

Both GZ Zheng Da and HK Zheng Da are disappointed to the verdict made by the presiding judge (主審法官) for the following grounds:

- (i) the Dismissal Order was granted based on the legal ground that the two prerequisites of compulsory liquidation had never been ascertained by specific court rulings prior to the date of plead as required by liquidation law and regulations. The Presiding Judge however cited another presiding judge's view (but not rulings) on the aforesaid prerequisites expressed in its judgement (*without prejudice*) made in late 2009 (after the date of plead) as legal ground to substantiate its grant of recission order. This did not fulfill the prerequisites of compulsory liquidation under liquidation law and regulations. Moreover, a judge's view was not regarded as a verdict and could not be cited as legal ground for other judgements by law;
- (ii) the cause of liquidation plead referred by the Presiding Judge in his written judgement applied to an applicant holding more than 10% equity interest in the appellee as permissible under the Companies Law. As a matter of fact, the Chinese equity holder of GZ Zheng Da was 越房國企 but not 越房私企, the applicant (清算呈請人), and 越房國企 held 0% equity interest in GZ Zheng Da, the appellee (被清算呈請人), as at the date of plead;
- (iii) the Presiding Judge did not address or remedy the prejudiced liquidation procedures against GZ Zheng Da for the period from 2009 to 2021, a prolonged period which GZ Zheng Da had suffered for 12 years; and

- (iv) the Presiding Judge took two years to process the appeal and turned down the junior court's ruling notwithstanding the ruling on appeal of court's order (就上訴裁定案件作出裁定) should be made within one month from the date of acceptance of appeal (上訴受理) by law.

GZ Zheng Da and HK Zheng Da questioned the facts and legal grounds of the Presiding Judge made in the Rescission Order but did not have intention to challenge the authority and ruling power of the People's Courts (廣州正大及香港正大只是對撤回裁定的主審法官判案時所考慮的事實及法律依據提出質疑, 而非有意挑戰人民法院的權威性及既判力, 特此聲明).

ACTIONS TAKEN IN RESPONSE TO THE RECISSION ORDER

- 1) In July 2023, GZ Zheng Da, as permissible by law, lodged a re-trial plead (再審申請) at the First Circuit Court of The Supreme People's Court (最高人民法院第一巡迴法庭) (the "Supreme Court") in Shenzhen, China to petition for, inter alia, (i) rescinding the Rescission Order granted by the Guangdong Court; and (ii) the case be heard at the Supreme Court. Reply was not yet heard from the Supreme Court to-date.
- 2) In October 2023, HK Zheng Da obtained an independent professional opinion confirming that 越房國企's interest in GZ Zheng Da was retained as a state-owned asset by law but not succeeded by 越房私企 to-date. Based on this new evidence, HK Zheng Da sought clarifications with 廣州市越秀國有資產經營有限公司 (the vendor of 越房國企), 廣州市國有資產監督管理委員會 and 廣州市人民政府多個部門, enquiries worked in progress but no decisive conclusion was made to-date.
- 3) From time to time, GZ Zheng Da filed complaints to the senior officials of the Guangdong Court and the Guangzhou Court about the unprejudiced legal procedures against GZ Zheng Da in the past years. The latest compliant was made in January 2024.

EXPECTED TIMETABLE OF PUBLICATION OF THE 2023 RESULTS AND DISPATCH OF THE ANNUAL REPORT 2023

At the Board Meeting, the motion of cessation of consolidating the results of GZ Zheng Da from the consolidated financial statements of the Company for the year ended 31 December 2023 upon the appearance of the aforesaid courts' orders (as described below) was carried and the resolution would become effective upon publication of an announcement to disclose such resolution by the Company.

Taking into consideration of the accounting treatment of de-consolidation of GZ Zheng Da from the consolidated financial statements of the Company for the year ended 31 December 2023, it is expected that, subject to unforeseeable circumstance, the 2023 Results will be announced on or before 31 May 2024 and the Annual Report 2023 will be dispatched in mid June 2024.

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 “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 Company’s announcement dated 27 March 2024 (the “Interim Announcement”) in relation to, inter alia, (1) the latest development of the Alleged “Liquidation Petition” against GZ Zheng Da (廣州正大), which the Group had a 25% equity interest; and (2) the revised timetable of publication of the 2023 Results.

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 2022”).

Reference is also made to the Company’s announcements dated 23 August 2023 in relation to the Alleged Liquidation Notice (the “August 2023 Announcement”) in relation to, inter alia, the Alleged Liquidation Notice.

Terms used below shall adopt the same meanings as defined in the Annual Report 2022 and the August 2023 Announcement unless otherwise specified.

The purpose of this announcement is to provide an update of the aforesaid matters as mentioned in the Interim Announcement.

BACKGROUND OF THE ALLEGED “LIQUIDATION PETITION”

Background of the Alleged “Liquidation Petition” against GZ Zheng Da, which had been initiated since 2009, was summarised in the Recission Order Announcement.

Further details about the lawful authority of the Alleged “Liquidation Petition” in question have been disclosed in the Annual Report 2022.

THE DISMISSAL ORDER

In mid-May 2021, GZ Zheng Da received a written judgement (民事裁定書) from the Guangzhou Court (廣州市中院). The written judgement granted an order to the effect that the Alleged “Liquidation Petition” pleaded by 越房私企 was turned down (駁回強制清算申請裁定) on the ground that “the two joint venture parties had major disputes whether GZ Zheng Da had been dissolved, regarding major assets of, and interests in the subject company, and such disputes had never been ascertained by trial or arbitration (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 (駁回裁定),

- (i) the Guangzhou Court ascertained that GZ Zheng Da remained “in operation (在業)” and HK Zheng Da (香港正大) had 100% equity interest in GZ Zheng Da. This statement affirmed that GZ Zheng Da, the appellee (被清算呈請人), remained undissolved and 越房私企, the applicant (清算呈請人), was not qualified to plead for compulsory liquidation in the capacity as an equity holder of GZ Zheng Da as at the date of plead (清算呈請日); and
- (ii) it indicated that the Guangzhou Court rectified (自糾) its earlier decision made on appointing the liquidation group (清算組) for GZ Zheng Da and admitted that such decision made was, among other things, not in accordance with then prevailing compulsory liquidation law and regulations and without judicial justice for GZ Zheng Da.

The Company was pleased that the court ruled that 越房私企 did not fulfill the prerequisites (先決條件) for pleading a liquidation petition against GZ Zheng Da in January 2009.

越房私企 submitted an appeal against the Dismissal Order at the Guangdong Court (廣東省高院) as permissible by law in August 2021. The appeal was heard at the Guangdong Court in January 2022.

THE RESCISSION ORDER

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

In the Rescission Order (撤銷裁定), 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 disband in accordance with the liquidation procedures given their conflicts were significant and the co-operative objective had been lapsed for a prolonged period as well as the operational management had been in deadlock. The joint venture partners should proceed legal actions via the liquidation procedures to solving mutual disputes in specific assets allocation in accordance with their respective joint venture interests (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遁法律途徑解決)”.

After seeking competent legal advice, both GZ Zheng Da and HK Zheng Da are disappointed to the verdict made by the presiding judge (主審法官) of the Guangdong Court (the “Presiding Judge”) for the following grounds:

- (i) the Dismissal Order was granted based on the legal ground that the two prerequisites of compulsory liquidation (i.e.: (i) if GZ Zheng Da, the appellee (被清算呈請人), had been dissolved; and (ii) if 越房私企, the applicant (清算呈請人), was a qualified litigant (符合資質訴訟主體) to plead for compulsory liquidation) had never been ascertained by specific court rulings prior to the date of plead as required by liquidation law and regulations. The Presiding Judge, however, cited another presiding judge’s view (but not rulings) on the aforesaid prerequisites expressed in its judgement (*without prejudice*) (*Shareholders are urged to refer to the Company’s announcement dated 23 March 2011 pertaining to the questionable legality of the subject judgement*) made in late 2009 (i.e. after the date of plead) as legal ground to substantiate his grant of rescission order. This did not fulfill the prerequisites of compulsory liquidation under liquidation law and regulations. Moreover, a judge’s view was not regarded as a verdict and could not be cited as legal ground for other judgements by law. As a matter of fact, GZ Zheng Da had unanimously board resolution (which included board representation of Chinese joint venture partner) on extension of operating period in December 2008 and GZ Zheng Da’s operation remained usual and normal to-date;
- (ii) the cause of liquidation plead referred by the Presiding Judge in his written judgment applied to an applicant holding more than 10% equity interest in the appellee as permissible under the Companies Law of The People’s Republic of China (the “Companies Law”). As a matter of fact, the Chinese equity holder of GZ Zheng Da was 越房國企 not 越房私企, the applicant (清算呈請人), and 越房國企 held 0% equity interest in GZ Zheng Da, the appellee (被清算呈請人), as at the date of plead. Moreover, the applicant was required to demonstrate its holding of more than 10% equity interest in the appellee with explicit evidence and seek specific court’s ruling on supporting its dissolution plead against the appellee prior to

making the compulsory liquidation plead. This was not the case for 越房私企;

- (iii) the Presiding Judge did not address or remedy the prejudiced liquidation procedures against GZ Zheng Da for the period from 2009 to 2021, a prolonged period which GZ Zheng Da had suffered for 12 years; and
- (iv) the Presiding Judge took two years to process the appeal and turned down the junior court's ruling notwithstanding the ruling on appeal of court's order (就上訴裁定案件作出裁定) should be made within one month from the date of acceptance of appeal (上訴受理) by law.

GZ Zheng Da and HK Zheng Da questioned the facts and legal grounds of the Presiding Judge made in the Rescission Order but did not have intention to challenge the authority and juris power of the People's Courts (廣州正大及香港正大只是對撤回裁定的主審法官判案時所考慮的事實及法律依據提出質疑, 而非有意挑戰人民法院的權威性及既判力, 特此聲明).

ACTIONS TAKEN IN RESPONSE TO THE RECISSION ORDER

- 1) In July 2023, GZ Zheng Da, as permissible by law, lodged a re-trial plead (再審申請) at the First Circuit Court of The Supreme People's Court (最高人民法院第一巡迴法庭) (the "Supreme Court") in Shenzhen, China to petition for, inter alia, (i) rescinding the Rescission Order granted by the Guangdong Court; and (ii) the case be heard at the Supreme Court. Reply was not yet received from the Supreme Court to-date.
- 2) In October 2023, HK Zheng Da obtained an independent professional opinion confirming that 越房國企's interest in GZ Zheng Da was retained as a state-owned asset by law but not succeeded by 越房私企 to-date. Based on this new evidence, HK Zheng Da sought clarifications with 廣州市越秀國有資產經營有限公司 (the vendor of 越房國企), 廣州市國有資產監督管理委員會 and 廣州市人民政府多個部門, enquiries worked in progress but no decisive conclusion was made to-date.
- 3) From time to time, GZ Zheng Da filed complaints to the senior officials of the Guangdong Court and the Guangzhou Court about the prejudiced legal procedures against GZ Zheng Da in the past years. The latest compliant was made in January 2024.
- 4) Both GZ Zheng Da and HK Zheng Da confirmed with the Company that they would use their best endeavours to preserve their respective legal privileges when

the liquidation group approached them, if any.

- 5) Both GZ Zheng Da and HK Zheng Da were taking legal, administrative and other practical actions to solve the said deadlock.
- 6) Pursuant to the provisions of the Companies Law, the liquidation (if with valid legal authority) is required to be completed within six months. That was not the case for GZ Zheng Da. GZ Zheng Da had been frustrated by a questionable liquidation for 15 years since 2009.

EXPECTED TIMETABLE OF PUBLICATION OF THE 2023 RESULTS AND DISPATCH OF THE ANNUAL REPORT 2023

In the Interim Announcement, it was announced that the Company obtained new discoveries on the Alleged “Liquidation Petition”, including but not limited to, new evidence in favour of GZ Zheng Da and unusual legal proceedings of the Alleged Liquidation Notice, and hence not yet concluded its assessment on the legal and financial position of GZ Zheng Da. The Company expected the assessment would be concluded in mid April 2024.

At the board meeting of the Company held on 15 April 2024 (the “Board Meeting”), the Directors concurred with both GZ Zheng Da and HK Zheng Da’s views on the Recission Order as stated above but also were of the view that the operation of GZ Zheng Da might be frustrated by the new liquidation group in the foreseeable future until and when the New Liquidation Order was proved to be inoperative or squashed by law. Meantime, GZ Zheng Da’s operation remained usual and normal to-date, as the case had been for the past 15 years.

In this circumstance, the audit committee of the Company (the “Audit Committee”) was of the view that HK Zheng Da may not be able to demonstrate that it could fulfill all the criteria prescribed under HKFRS 10 *Consolidated Financial Statements* in relation to its control over GZ Zheng Da absolutely following the appearance of the New Liquidation Group’s Notices (*without prejudice*). As a result, the Directors, based on the recommendation of the Audit Committee, resolved to cease to consolidate the results of GZ Zheng Da in the consolidated financial statements of HK Zheng Da for the year ended 31 December 2023 upon the appearance of the aforesaid court’s orders. The Company hence is obtaining additional information (including but not limited to the revised valuations of assets of GZ Zheng Da to be prepared by the valuers) in relation to the aforesaid accounting treatments in accordance with prevailing Hong Kong Financial Reporting Standards.

At the Board Meeting, there were diverse views on the motion on adoption of the aforesaid revised accounting treatments as follows:

- 1) Ho Kam Hung, an executive Director who was also the authorised representative (法定代表人) of GZ Zheng Da, voted against the said motion as he perceived that the Alleged “Liquidation Petition” against GZ Zheng Da was not legally substantiated and the operation of GZ Zheng Da remained usual and normal to-date;
- 2) Young Kwok Siu, a non-executive Director with legal background and who was also a member of the Audit Committee, abstained from voting of the said motion but he put a remark at the meeting that, taking into consideration of the views on the Recission Order mentioned above, he was not convinced that the New Liquidation Order was legally justifiable; and
- 3) Wong Miu Ting Ivy, Wong Kui Fai and Tam Kong Lawrence, all independent non-executive Directors who were also members of the Audit Committee, voted for the motion.

The motion of cessation of consolidating the results of GZ Zheng Da from the consolidated financial statements of the Company for the year ended 31 December 2023 upon the appearance of the aforesaid courts’ orders was carried at the Board Meeting and the resolution would become effective upon publication of an announcement to disclose such resolution by the Company.

At the Board Meeting, it was noted that the Directors would consider to re-consolidate GZ Zheng Da as a subsidiary of the Group once and when the uncertainty of the liquidation plead was remote and unlikely or cast away indefinitely. Ho Kam Hung, the sole executive Director, made assurance to the Directors at the meeting that he would provide all necessary financial information and technical support for preparation of the 2023 Results.

Taking into consideration of the accounting treatment of de-consolidation of GZ Zheng Da from the consolidated financial statements of the Company, it is expected that the consolidated financial statements of the Company for the year ended 31 December 2023 will be revised and, subject to unforeseeable circumstance, the 2023 Results will be announced on or before 31 May 2024 and the Company’s annual report for the year ended 31 December 2023 (the “Annual Report 2023”) will be dispatched in mid June 2024.

Pursuant to Rule 14.46(2)(a) of the Listing Rules, the Company is required to dispatch the Annual Report 2023 on or before 30 April 2024. Accordingly, the delay in dispatch of the Annual Report 2023 will constitute a non-compliance with the said rule.

INTERIM SUSPENSION OF TRADING OF THE SHARES

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange will remain suspended pending the publication of the 2023 Results.

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

Hong Kong, 23 April 2024

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.