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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)**

### **FIFTH SUPPLEMENTAL AGREEMENT IN RESPECT OF EXTENSION OF LONG STOP DATE IN RELATION TO THE ACQUISITION OF THE TARGET COMPANY**

#### **The Fifth Supplemental Agreement**

On 21 June 2010, the Group and the Vendors entered into the Fifth Supplemental Agreement to extend the Long Stop Date for completion of the Agreement (as amended by the 2009 Extension Agreements) from 30 June 2010 to 30 June 2011.

Other than the extension of the Long Stop Date, all the terms and conditions of the Agreement (as amended by the 2009 Extension Agreements and the Fifth Supplemental Agreement) remain valid and binding on the parties thereto.

**Shareholders and potential investors of the Company are advised to exercise caution in dealing in the Shares.**

#### **THE FIFTH SUPPLEMENTAL AGREEMENT**

Reference is made to the announcement of the Company dated 26 October 2007 and the circular dated 26 November 2007 (the "Circular") in relation to, among other things, the acquisition of the Target Company. Reference is also made to the announcements of the Company dated 31 March 2009, 2 April 2009, 29 June 2009 and 17 December 2009 regarding the extension of the Long Stop Date (the "2009 Extension Announcements") in connection with the acquisition of the Target Company. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Circular and the 2009 Extension Announcements.

\* *For identification purpose only*

As disclosed in the 2009 Extension Announcements, the Group entered into the Second Supplemental Agreement, the Third Supplemental Agreement and the Fourth Supplemental Agreement (the “2009 Extension Agreements”) with the Vendors on 31 March 2009, 29 June 2009 and 17 December 2009 respectively to extend the Long Stop Date for completion of the Second, the Third and the Fourth Tranches in relation to the Acquisition to 30 June 2009, 31 December 2009 and 30 June 2010 respectively.

Since December 2009, the Group and the Vendors have not yet concluded any revised terms for the settlement of the consideration for, and completion timetable in relation to the aforesaid uncompleted tranches under, the Agreement. As such, the Group and the Vendors, on 21 June 2010, entered into the fifth supplemental agreement (the “Fifth Supplemental Agreement”) to further extend the Long Stop Date to 30 June 2011 in order to give sufficient time for the parties to the Agreement to explore any opportunity to arrive any revised terms for the settlement of the consideration for, and completion timetable in relation to the uncompleted tranches, under the Agreement.

As mentioned in the 2009 Extension Announcements, the Deferred Interest of approximately RMB22.9 million (equivalent to approximately HK\$26 million) is payable by the Group to the Vendors under the terms of the Agreement due to the failure to complete the Second Tranche and the Third Tranche on their respective original expected completion dates. No Deferred Interest, however, is required to be paid in respect of the Fourth Tranche according to the terms of the Agreement. For the avoidance of doubt, despite the extension of the Long Stop Date pursuant to the 2009 Extension Agreements and the Fifth Supplemental Agreement, no additional Deferred Interest shall be chargeable for the period from 1 April 2009 to 30 June 2011, both days inclusive.

The Directors consider that the entering into of the Fifth Supplemental Agreement to further extend the Long Stop Date to 30 June 2011 is in the interest of the Company and its Shareholders as a whole as the Group are given more time to proceed with the Acquisition while no additional Deferred Interest chargeable for the period from 1 April 2009 to 30 June 2011, both days inclusive.

Other than the extension of the Long Stop Date to 30 June 2011 pursuant to the Fifth Supplemental Agreement, the Directors confirm that all the terms and conditions of the Agreement (as amended by the 2009 Extension Agreements and the Fifth Supplemental Agreement) remain valid and binding on the parties thereto.

As at the date of this announcement, save for the 2009 Extension Agreements and the Fifth Supplemental Agreement, no other revised terms in respect of the Agreement have been agreed. In the event that there are material variation to the terms of the Agreement (as amended by the 2009 Extension Agreements and the Fifth Supplemental Agreement), the Company will comply with the relevant Listing Rules requirements and make disclosure as and when it is appropriate.

## **LITIGATION PROGRESS UPDATE**

As disclosed in the Company's annual report for the year ended 31 December 2009 (the "Annual Report"), a wholly-owned subsidiary of the Target Company, being the subject matter of the Acquisition, served a writ against its Sino partner in Yuexiu District, Guangzhou in December 2008 demanding for disqualification of the Sino partner from the partnership of a sino-foreign joint venture established between the Target Company and the Sino partner. The relevant judgement was obtained in July 2009 with rulings endorsing the forfeiture of the partnership qualification and legal entitlements of the Sino partner in the joint venture. Subsequently, the Sino partner, in August 2009, filed an appeal petition in Guangzhou and a hearing was made in October 2009. As at the date of this announcement, both the Target Company and its subsidiary have not received any written judgement in respect of the appeal. Further details and recent developments of the litigation have already been disclosed in the Annual Report and the Company's announcements dated 11 February and 22 April 2010. If there is any new development about the litigation, further announcement will be made by the Company as circumstances necessitate.

**Shareholders and potential investors of the Company are advised to exercise caution in dealing in the Shares.**

For and on behalf of  
**Zhong Hua International Holdings Limited**  
**Ho Kam Hung**  
*Executive Director*

Hong Kong, 22 June 2010

*As at the date of this announcement, (i) Mr. Ho Kam Hung is executive Director; (ii) Mr. Young Kwok Sui is non-executive Director; and (iii) Mr. Lawrence K. Tam, Ms. Wong Miu Ting, Ivy and Mr. Wong Kui Fai are independent non-executive Directors.*