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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 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.

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 GZ Zheng Da confirmed that it was unable to locate any “public official record” about the Purported Liquidation Petition (nor any relevant case number) from the official database or public notice board of the Guangzhou Court to-date.

In mid-May 2021, GZ Zheng Da received the Dismissal Order (駁回裁定) which was the first court paper in relation to the Purported 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.

Pursuant to the Dismissal Order, the Guangzhou Court ascertained that GZ Zheng Da remains “in operation (在業)” and that HK Zheng Da has 100% equity interest in GZ Zheng Da, and turned down the Purported Liquidation Petition pleaded by 越房私企 (駁回強制清算申請裁定).

The Company is pleased to note that the Dismissal Order ruled 越房私企 does not fulfill the prerequisites for pleading a liquidation petition against GZ Zheng Da.

The Company perceives that the Dismissal Order casts out the legal uncertainties of GZ Zheng Da which has hampered its operation for about a decade and would expedite the re-development plan of GZ Zheng Da.

The Company was informed that 越房私企 had submitted the Appeal as permissible by law. Based on the grounds stated in the Dismissal Order and after taking PRC legal advice, the Company remains optimistic in receiving a favourable judgement in the Appeal.

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 “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” set out in the Company’s annual report for the year ended 31 December 2020 (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 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

those entitlements as stipulated in the said agreement. 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 1998. Following the unanimous consent of the board of GZ Zheng Da and approval granted by the Yuexiu Foreign Trade and Economic Bureau (越秀區對外貿易經濟合作局) in December 2008, the joint venture period of GZ Zheng Da was extended for another 15 years till 2023, extendable to a further 15 years if with unanimous consent of the board of GZ Zheng Da by then.

According to the current official record maintained at the 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.

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 legal evidence to substantiate its claim. 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 2009 but GZ Zheng Da confirmed that it was unable to locate any "public official record" about the Purported Liquidation Petition (nor any relevant case number) from the official database or public notice board of the Guangzhou Court to-date.

Both GZ Zheng Da and HK Zheng Da further confirmed that 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 Purported 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 Company was informed that 越房私企 had submitted an appeal to the Dismissal Order (the “Appeal”) as permissible by law.

## **IMPLICATIONS OF THE DISMISSAL ORDER**

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

The Company perceives that the Dismissal Order casts out the legal uncertainties of GZ Zheng Da which has hampered its operation for about a decade and would expedite the re-development plan of GZ Zheng Da.

Based on the grounds stated in the Dismissal Order and after taking PRC legal advice, the Company remains optimistic in receiving a favourable judgement in the Appeal.

Should there be any update on the legal status of GZ Zheng Da, further announcements 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, 21 June 2021

*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.*