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ZHONGDA INTERNATIONAL HOLDINGS LIMITED

(中大國際控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 00909)

REQUISITION OF SPECIAL GENERAL MEETING BY A SHAREHOLDER

In accordance to the Requisition, the SGM shall be convened by the Board and be held for the transactions of the Proposed Removal and Proposed Appointment within two months after the deposit of the Requisition under the Bye-laws, being 21 January 2012, the latest. However, the Company has not yet received any of the Required Information up to the date hereof for the purpose of preparing the Circular in relation to the SGM.

In view of the potential breaches of the Listing Rules by the Company in the event that a Circular without the Required Information is despatched and the Proposed Removal and Proposed Appointment are approved, the Board considers that the obligation of the Company to comply with the Listing Rules in a prudent and proper manner has outweighed the consequence of a breach of the Bye-law no. 58 upon the inability of the Company to convene the SGM.

Therefore, the Board has resolved to dispense the convening of the SGM to be held at the Deadline of SGM upon the Requisition pursuant to the Bye-law no. 58 on the ground that the failure of Zhong Da BVI to provide the Required Information may cause severe breaches by the Company of the Listing Rules, while Zhong Da BVI may still proceed to convene the meeting in accordance with the Act if they consider necessary. The Board considers that such decision made, after due evaluation of the negative effects which may be caused to the Company, is in good faith, and is in the interests of the Company and all the Shareholders as a whole.

The Company shall seek independent legal advice as to the convening by Zhong Da BVI of a general meeting of the Company in accordance with the provisions of the Act, as and when necessary. Further announcement shall be made by the Company with regard to the progress and to advise Shareholders of any appropriate action shall be taken in due course.

* For identification purposes only

Reference is made to the announcement (“**Announcement**”) of the Company dated 12 December 2011 regarding the requisition by Zhong Da BVI to the Company requesting the Board to convene an SGM pursuant to the Bye-laws, at which resolutions for the Proposed Removal and the Proposed Appointment shall be put forward to the Shareholders for consideration and, if thought appropriate, approval. Unless the context required otherwise, capitalised terms used herein shall have the same meaning as defined in the Announcement.

CONVENING OF THE SGM UPON THE REQUISITION

In accordance to the Requisition, the SGM shall be convened by the Board and be held for the transactions of the Proposed Removal and Proposed Appointment within two months after the deposit of the Requisition under the Bye-law no. 58 of the Bye-laws, being 21 January 2012, the latest (“**Deadline of SGM**”). In this regard, a notice convening the SGM (the “**Notice of SGM**”) shall be despatched by the Company to Shareholders at a date no later than 5 January 2012, whilst the original written notice by the Candidates to consent to act as Directors shall be lodged at the Company at least seven days prior to the date of the SGM, being 14 January 2012, respectively pursuant to the Bye-laws. Furthermore, a circular (the “**Circular**”) containing the Required Information in relation to the SGM shall be despatched to the Shareholders to facilitate the voting by Shareholders on an informed basis.

Following the date of the Announcement, the Company received on 15 December 2011 a notification issued by Messrs. Henry Wai & Co. (“**HWC**”), which deposited the Requisition on behalf of Zhong Da BVI to the Company, to the legal representative of the Company that HWC has been seeking their clients’ instructions and shall revert in due course. Save as disclosed, the Company has not yet received any of the Required Information up to the date hereof. In this respect, the Company has been unable to issue the Circular as at the date of this announcement.

Pursuant to the Bye-Laws, an SGM could be called on a short notice with the consent of a majority of Shareholders, representing not less than 95% of the issued share capital of the Company, having the right to attend and vote at the meeting. However, in light of the diversified shareholdings of the Company among the Shareholders, the Board is of the opinion that the obtaining of such consent to short notice of the SGM may not be viable. Therefore, in the event the Company did receive the Required Information from Zhong Da BVI on or before the Deadline of SGM, the Company may still be unable to proceed with the convening and holding of the SGM in accordance with the Bye-laws and the Listing Rules.

POSSIBLE BREACHES OF THE LISTING RULES

In the absence of the Required Information, the Company has been unable to prepare the Circular under Rule 13.73 to the Shareholders, and the Board is unable to advise the Shareholders on the Proposed Removal and Proposed Appointment at the SGM under Rule 13.39 of the Listing Rules respectively. The Circular shall be containing, among others, such material information on the subject matter to be considered at the SGM and a notice of convening the SGM not less than 10 business days before the date of the SGM under Rule 13.73, and to provide the Required Information under Rule 13.51(2) for the Proposed Appointment under Rule 13.74 of the Listing Rules respectively.

Furthermore, in the absence of Required Information, the Board is unable to assess the effect brought about to the Company should the Proposed Removal and Proposed Appointment been approved at the SGM, as it may cause the Company to be in further breaches of the Listing Rules, in particular, as to the Proposed Removal that there shall be a breach of Rule 3.06(4) in terminating an authorised representative of the Company before a replacement has been appointed, Rule 3.10 in having at least three independent non-executive Directors, and the audit committee of the Company with a minimum of three members under Rule 3.21 and one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2), and as to the Proposed Appointment that there shall be a breach of Rule 3.13 in disclosing the independence of the relevant Candidates pursuant to the Listing Rules respectively.

EXIT TO THE COMPANY IN RESPONSE TO THE REQUISITION

In response to the Requisition, the Board may elect either (a) to publish the Circular containing, among others, the Notice of SGM pursuant to the Bye-law no. 58 of the Bye-laws; or (b) to dispense the issue of the Notice of SGM to delaying the SGM beyond the Deadline of SGM for the purpose of maintaining corporate governance by the Company in view of the possible consequences as detailed in the section headed “Possible Breaches of the Listing Rules” above, while acting in contrary to the Bye-Law no. 58.

Possible consequence of the Issue of Circular in contravention of the Listing Rules

Should the Company opt for the issue of the Circular in accordance to the Requisition, the resolutions relating to the Proposed Removal and Proposed Appointment are proposed by Zhong Da BVI which is owned and controlled by the Suspended Directors. The effect of the Proposed Removal and Proposed Appointment shall render a reconstitution of the Board by replacing all the existing Directors, except the Suspended Directors, by the Candidates as if they were passed at the SGM, and hence Zhong Da BVI is interested in the transactions proposed at the SGM. Zhong Da BVI and its associates shall have to abstain from voting for all resolutions to be proposed at the SGM to approve the Proposed Removal and Proposed Appointment accordingly.

The Company is of the opinion that the Shareholders shall be unfairly prejudiced to casting their voting at the SGM by reference to the Circular without all such material information, including but not limited to the Required Information, provided for their assessment and consideration, and such arrangement will also be against the corporate governance standards to be observed by the Company under Appendix 14 of the Listing Rules.

Dispense the Notice of SGM under the Bye-laws

Taking into account of the above factors, the Board considers that the obligation of the Company to comply with the Listing Rules in a prudent and proper manner has outweighed the consequence of a breach of the Bye-law no. 58 upon the inability of the Company to convene the SGM.

Taking into account of the silent attitude of Zhong Da BVI and HWC, the Board has no opportunity to ascertain the suitable qualifications of the Candidates under the requirements of the Listing Rules by the lack of the Required Information. Henceforth, the Board is not in a position to inform Shareholders of any information to appraising the proposed reconstitution of the Board upon the replacement of all existing Directors, except the Suspended Directors (Mr. Xu Lian Guo and Mr. Xu Lian Kuan), by the Candidates and to give advice to Shareholders on the proposed resolutions accordingly.

After due deliberation of the possible consequences brought by the Requisition, the Company is of the opinion that an issue of the Notice of SGM to Shareholders as at the date of this announcement simply to target at the Deadline of SGM, without regard to any Listing Rules and prejudice to the Shareholders (except Zhong Da BVI which is owned and controlled by the Suspended Directors), is not in the interests of the Company and Shareholders as a whole.

In light of the abovementioned, the Board has resolved to dispense the convening of the SGM to be held at the Deadline of SGM upon the Requisition pursuant to the Bye-law no. 58 on the ground that the failure of Zhong Da BVI to provide the Required Information may cause severe breaches by the Company of the Listing Rules, while Zhong Da BVI may still proceed to convene the meeting in accordance with the Bermuda Companies Act 1981 (as amended) (“**the Act**”) if they consider necessary. The Board considers that such decision made, after due evaluation of the negative effects which may be caused to the Company, is in good faith, and is in the interests of the Company and all the Shareholders as a whole. The Company has sought preliminary legal opinion as to the consequence of failing by the Company to convene the SGM pursuant to the Bye-law no. 58 and, the course of actions available to the requisitioner thereto which has been set out in the section headed “Exit to Zhong Da BVI under the Act” below.

The Company is of the opinion that the contravention of the Bye-law no. 58 in response to the Requisition, Zhong Da BVI may proceed to the course of actions under the Act since the date of the Announcement when Board was unable to convene the SGM within 21 days after the deposit of the Requisition for a period of three months. A failure of the Company to convene the SGM at the Deadline of SGM actually falls within this period in which an alternative course is available to the requisitioner. The Board considers that failing to convene the SGM upon the Requisition pursuant to the Bye-law no.58 by the Company has been balanced off by the alternative route to the requisitioner under the Act to the same effect of a valid general meeting of the Company.

EXIT TO ZHONG DA BVI UNDER THE ACT

Pursuant to the Bye-law no. 58, if the Board fails to proceed to convene the SGM within 21 days after the deposit of the Requisition, Zhong Da BVI may convene the SGM in accordance with Section 74(3) of the Act within three months from such expiration. Furthermore, Zhong Da BVI may make an application under Section 76 of the Act to the court of Bermuda for an order of a meeting of the Company if for any reason it is impracticable to call a meeting of the Company in any manner.

Section 93 of the Act stipulated that Zhong Da BVI may, subject to the Bye-laws, at the SGM called for that purpose remove the Directors provided that notice of any such meeting shall be served on the Directors concerned not less than 14 days before the meeting and such Directors shall be entitled to be heard at such meeting. As at the date hereof, the Company has not been notified by all the existing Directors, as referred in the Proposed Removal, of receipt a service of notice pursuant to Section 93 of the Act.

The Company shall seek independent legal advice as to the convening by Zhong Da BVI of a general meeting of the Company in accordance with the provisions of the Act, as and when necessary. Further announcement shall be made by the Company with regard to the progress and to advise Shareholders of any appropriate action shall be taken in due course.

By order of the Board
Zhongda International Holdings Limited
Kwok Ming Fai
Executive Director

Hong Kong, 30 December 2011

As at the date of this announcement, the Board comprises Messrs. Xu Lian Guo (suspended), Xu Lian Kuan (suspended), Kwok Ming Fai and Hon Chuk Kay as executive Directors; Mr. Leung Kwok Chun as non-executive Director; and Messrs. Sun Ka Ziang Henry, Chan Shiu Man and Wong Chi Chung as independent non-executive Directors respectively.