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ZH INTERNATIONAL HOLDINGS LIMITED

正恒國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

MAJOR TRANSACTION ACQUISITION OF LAND USE RIGHTS IN HENAN, THE PRC AND FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER

ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that on 23 November 2016, Henan Xinghan, an indirect wholly-owned subsidiary of the Company, made a successful bid for the land use right of the Land Parcel in a listing for sale process in the Auction held by Zhengzhou City Land and Resources Bureau (鄭州市國土資源局) for transfer of state-owned land use right for RMB802,000,000. The Land Parcel is located at the junction of 航海東路以北 and 經開第十七大街以西 of Zhengzhou City, Henan Province, the PRC with a site area of 55,631.14 sq.m. and a permitted plot ratio below 3.5. The Land Parcel is designated for commercial usage with the term for 40 years.

FINANCIAL ASSISTANCE

The Board further announces that on 23 November 2016, Zensun entered into a loan agreement with Henan Xinghan to provide Financial Support to Henan Xinghan of RMB802,000,000 for a duration of two years.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Since the Acquisition (i) involves an acquisition of governmental land in the PRC from a PRC Governmental Body through an auction governed by PRC Law; and (ii) is undertaken on a sole basis by the Group in its ordinary and usual course of business, the Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, the Acquisition is only subject to reporting and announcement requirements and is exempt from shareholders' approval requirements pursuant to Rule 14.33A of the Listing Rules.

A circular containing, among other things, further details of the Acquisition and such other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 14 December 2016.

ACQUISITION OF LAND USE RIGHTS

The board (“**Board**”) of directors (“**Directors**”) of ZH International Holdings Limited (“**Company**”) is pleased to announce that on 23 November 2016, 河南興漢正商置業有限公司, (“**Henan Xinghan**”), an indirect wholly-owned subsidiary of the Company, made a successful bid for the land use right of a land parcel No. (2016) 12 in Zhengzhou City, Henan Province, the People's Republic of China (the “**PRC**”)(“**Land Parcel**”) in a listing for sale process (the “**Acquisition**”) in the public auction (“**Auction**”) held by Zhengzhou City Land and Resources Bureau (鄭州市國土資源局) for transfer of state-owned land use right for RMB802,000,000 (“**Consideration**”). The Land Parcel is located at the junction of 航海東路以北 and 經開第十七大街以西 of Zhengzhou City, Henan Province, the PRC with a site area of 55,631.14 sq.m. and a permitted plot ratio below 3.5. The Land Parcel is designated for commercial usage with the term for 40 years.

Pursuant to the procedures under the listing for sale process in the Auction, confirmation letter of land transaction by Auction (“**Confirmation Letter**”) will be issued by Zhengzhou City Land and Resources Bureau within two days after the announcement of the successful bid. A sum of RMB240,000,000 has been paid as the security deposits and the remaining balance of the Consideration is required to be settled within one month from the date of Confirmation Letter.

REASON FOR AND BENEFITS OF THE ACQUISITION

The Company and its subsidiaries (“**Group**”) are principally engaged in property development, property investment and trading, hotel operations and securities trading and investment. The Board believes that the Acquisition complements the Group’s strategy in expanding its development in Henan Province, the PRC.

The Directors further consider that the Acquisition is a transaction of revenue nature is carried out in the ordinary and usual course of business and is on normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholders (“**Shareholders**”) as a whole.

The Company will continue to seek viable business opportunities in accordance with its overall strategy. The Company will make use of the Group’s financial, human and technological resources to enhance its portfolio, asset base and brand image.

FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER

On 23 November 2016, Zensun Real Estate Co., Ltd (“**Zensun**”), a company ultimately controlled by Ms. Huang Yanping who is a Director and controlling shareholder of the Company, entered into a loan agreement (“**Loan Agreement**”) with Henan Xinghan pursuant to which Zensun has agreed to provide, upon Henan Xinghan’s request, unsecured loan(s) of RMB802,000,000 for a duration of two years from the date of the Loan Agreement (“**Financial Support**”). Such loan(s) will be available for drawdown by

Henan Xinghan in accordance with actual needs within two years from the date of the Loan Agreement at an interest rate no more than 4% per annum on the loan(s) actually drawdown. The proceeds from the Financial Support will be used to finance the Acquisition.

As Ms. Huang Yanping is a Director and controlling shareholder of the Company, the Financing Support will constitute a connected transaction in the form of financial assistance from Zensun in favour of Henan Xinghan. However, as the Financial Support is not secured by any assets of the Group, and as the Directors consider that the Financial Support is on normal commercial terms or better, the Financial Support is fully-exempted from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Rules Governing Listing of the Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**").

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Since the Acquisition (i) involves an acquisition of governmental land in the PRC from a PRC Governmental Body (as defined under Listing Rules) through an auction governed by PRC Law; and (ii) is undertaken on a sole basis by the Group (being a "qualified issuer" as defined under Rule 14.04(10B) of the Listing Rules) in its ordinary and usual course of business, the Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, the Acquisition is only subject to reporting and announcement requirements and is exempt from shareholders' approval requirements pursuant to Rule 14.33A of the Listing Rules.

A circular containing, among other things, further details of the Acquisition and such other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 14 December 2016.

By Order of the Board
ZH International Holdings Limited
Zhang Jingguo
*Chairman, Chief Executive Officer
and Executive Director*

Hong Kong, 24 November 2016

As at the date of this announcement, the executive Directors are Mr. Zhang Jingguo, Mr. Zhang Guoqiang, Mr. Eric Jackson Chang; the non-executive Director is Ms. Huang Yanping and the independent non-executive Directors are Mr. Liu Da, Dr. Liu Qiao and Mr. Ma Yuntao.