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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)

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

Reference is made to the announcement of ZH International Holdings Limited (the “**Company**”) dated 22 January 2017 (the “**Announcement**”) in relation to, among other things, the very substantial acquisition regarding the Acquisition and the Financial Assistance. Unless otherwise stated, capitalized terms used herein shall bear the same meanings as defined in the Announcement.

On Friday, 10 February 2017, the Land and Resources Bureau of Zhengzhou City* (鄭州市國土資源局) (the “**Bureau**”) verbally informed Henan Xinming that due to potential issues in relation to the auction process, the bidding results in relation to the land use rights of the five land parcels concerned in the Auction, including the Land Parcel successfully bid by Henan Xinming, were cancelled. The Bureau further requested Henan Xinming to submit an application for refund of the security deposit of RMB1,470,000,000 which was paid at the time of bidding. As such, the Board would like to announce that the Acquisition, the arrangement of Financial Assistance and the despatch of circular to the Shareholders are hereby cancelled.

The Board considers that the cancellation of the Acquisition and the arrangement of Financial Assistance will not have any material adverse impact on the existing business operations and the financial position of the Group and will not have any impact on the long term development of the Group.

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

Hong Kong, 13 February 2017

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.

** For identification purpose only.*