

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**ZH INTERNATIONAL HOLDINGS LIMITED**

正恒國際控股有限公司

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 185)

**CONTINUING CONNECTED TRANSACTIONS**

**SUPPLEMENTAL AGREEMENT TO THE MASTER SERVICES AGREEMENT**

**AMENDMENT TO REVISED ANNUAL CAPS**

**Independent Financial Adviser**

**to the Independent Board Committee and the Independent Shareholders**



建泉融資有限公司

VBG Capital Limited

**AMENDMENT TO REVISED ANNUAL CAPS**

Reference is made to the Company's announcement dated 21 February 2017 in relation to the Supplemental Agreement to the Master Services Agreement and the Revised Annual Caps.

On 21 March 2017, the Board proposed to amend the Revised Annual Caps for the Transactions for each of the financial years ending 31 December 2017, 2018 and 2019 from RMB1,288,000,000, RMB2,932,000,000 and RMB3,232,000,000 to RMB367,000,000, RMB599,000,000 and RMB237,000,000, respectively.

## **AMENDMENT TO REVISED ANNUAL CAPS**

Reference is made to the Company's announcement dated 21 February 2017 (the "**Announcement**") in relation to the Supplemental Agreement to the Master Services Agreement and the Revised Annual Caps. Unless the context requires otherwise, terms used herein shall have the same meanings as those defined in the Announcement.

On 21 March 2017, the Board proposed to amend the Revised Annual Caps for the Transactions for each of the financial years ending 31 December 2017, 2018 and 2019 from RMB1,288,000,000, RMB2,932,000,000 and RMB3,232,000,000 to RMB367,000,000, RMB599,000,000 and RMB237,000,000, respectively (the "**Amendment**").

All pricing policy, selection process of the construction companies and corporate governance relating to the Transactions as stated in the Circular are continued to remain in place, the Board proposed to make the Amendment in order to ensure that the Group does not place undue reliance on any particular constructor for its future property development and to minimise the risk to its business operation in this regard. The Amendment was determined based on:

- (i) the unaudited historical transaction amounts incurred for the Transactions which was RMB91,320,000 for the year ended 31 December 2016 and the Annual Caps as stated in the Announcement in relation to a land parcel which the Group has successfully bided in 2015 under code no (2015)-39 as stated in the Company's announcement dated 13 August 2015;
- (ii) the historical transaction amounts incurred for the relevant Contracting and Ancillary Services in relation to the construction of other ongoing project held by the Group on hand;
- (iii) 50% of the sum of
  - (a) the forecast amounts of the Transactions for each of the financial years ending 31 December 2017, 2018 and 2019 in relation to additional five land parcels which the Group has successfully bided in 2016 under code nos. (2016)-11, (2016)-12, (2016)-114, (2016)-127 and (2016)-143 as stated in the Company's announcements dated 4 July 2016, 24 November 2016, 9 December 2016, 15 December 2016 and 23 December 2016 (the "**Additional Five Land Parcels**"), respectively and;
  - (b) an additional 10% buffer as possible variance of the costs in respect of relevant Contracting and Ancillary Services for the Additional Five Land Parcels; and
- (iv) exclusion of the estimated transaction amounts which may arise from the Group's future plan for continual acquisition of land parcels.

In view of the above, the Directors (excluding the independent non-executive Directors who will only provide their view after considering the advice of the independent financial adviser, and Mr. Zhang and Ms. Huang who have abstained themselves in this regard) are of the view that the Amendment is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

Hong Kong, 21 March, 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.*