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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT OF THE COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2016**

Reference is made to the annual report for the year ended 31 December 2016 (the “**Annual Report**”) issued by ZH International Holdings Limited (the “**Company**”), in relation to, among other matters, the subscription of 795,400,000 new shares (the “**Subscription Shares**”) under general mandate (the “**Subscription**”) in cash at the Subscription Price of HK\$0.20 per Subscription Share, which has been completed on 30 May 2016 as set out in the announcements of the Company dated 12 May 2016, 13 May 2016 and 30 May 2016 (the “**Announcements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meaning as defined in the Annual Report and the Announcements.

The Board would like to provide the following additional information regarding the Subscription.

Upon completion of the Subscription, the net proceeds of the Subscription (the “**Net Proceeds**”) amounts to approximately HK\$159 million and the net price per Subscription Share issued is about HK\$0.20.

The intended use and the actual use of the Net Proceeds as at 31 December 2016 are set out as follows:

Amount of Net Proceeds	Intended use of the Net Proceeds as stated in the announcement dated 12 May 2016	Actual use of the Net Proceeds during the year ended 31 December 2016
Approximately HK\$159 million	<ul style="list-style-type: none"> (i) for general working capital (ii) for repayment of liabilities of the Group (iii) for future development of the Group when investment opportunities arises 	<ul style="list-style-type: none"> (i) In June 2016, HK\$150 million was used to repay bank borrowings, amounts due to related companies and the ultimate holding company (ii) In July 2016, HK\$9 million was used for partial settlement of the consideration for acquiring land use right of a land parcel situated in Zhengzhou City, Henan Province, the People's Republic of China

The Board confirmed that there are no unused Net Proceeds as at 31 December 2016 and the date of this announcement and the above additional information does not affect other information contained in the Annual Report.

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

Hong Kong, 6 July 2017

As at the date of this announcement, the executive Directors are Mr. Zhang Jingguo and Mr. Zhang Guoqiang; 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.