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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 ACQUISITIONS OF LAND USE RIGHTS IN HENAN PROVINCE, THE PRC AND FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER

ACQUISITIONS OF LAND USE RIGHTS

The Board is pleased to announce that on 20 September 2017, Henan Xinghan, an indirect wholly-owned subsidiary of the Company, made three successful bids for the land use rights of the Land Parcel I, Land Parcel II and Land Parcel III through listing for sale process in the Auction held by Dengfeng Bureau of Land and Resources* (登封市國土資源局) for transfer of state-owned land use rights at a consideration of RMB106,228,500, RMB65,312,000 and RMB130,496,250 respectively.

The Land Parcel I is located at Southwest District, Intersection of Taihe Road and Zhengtong Road, Dengfeng City* (登封市太和路與政通路交叉口西南區域), Henan Province, the PRC with a total site area of 46,898.78 sq.m. and permitted plot ratio between 1.1 and 1.7. The Land Parcel I is designated for residential usage with the term of 70 years.

The Land Parcel II is located at Northeast corner, Intersection of Hanque Road and Tianzhong Road, Dengfeng City* (登封市漢闕路與天中路交叉口東北角), Henan Province, the PRC with a total site area of 27,210.04 sq.m. and permitted plot ratio between 1.1 and 2.3. The Land Parcel II is designated for residential usage and commercial (wholesale & retailing, accommodation & catering) usage with the term of 70 years for residential usage and 40 years for commercial (wholesale & retailing, accommodation & catering) usage.

The Land Parcel III is located at Northeast corner, Intersection of Yinghe Road and Tianzhong Road, Dengfeng City* (登封市潁河路與天中路交叉口東北角), Henan Province, the PRC with a total site area of 50,435.88 sq.m. and permitted plot ratio between 1.1 and 2.7. The Land Parcel III is designated for residential usage and commercial (wholesale & retailing, accommodation & catering) usage with the term of 70 years for residential usage and 40 years for commercial (wholesale & retailing, accommodation &

catering) usage.

FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER

The Board further announces that on 20 September 2017, Zensun entered into three loan agreements with Henan Xinghan to provide Financial Assistance to Henan Xinghan each for a duration of two years in the amount of RMB106,228,500 for Land Parcel I, RMB65,312,000 for Land Parcel II and RMB130,496,250 for Land Parcel III respectively.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated in respect of Acquisitions under Rule 14.07 of the Listing Rules exceed 25% but is less than 100%, the Acquisitions constitute a major transaction for the Company under the Listing Rules. Since each of the Acquisitions (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, each of the Acquisitions is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, each of the Acquisitions 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 Acquisitions and such other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 13 October 2017.

ACQUISITIONS OF LAND USE RIGHTS

The board ("**Board**") of directors ("**Directors**") of ZH International Holdings Limited ("**Company**") is pleased to announce that on 20 September 2017, Henan Xinghan Zensun Real Estate Company Limited* (河南興漢正商置業有限公司) ("**Henan Xinghan**"), an indirect wholly-owned subsidiary of the Company, made three successful bids for the land use rights of three land parcels with code no. 登政出 (2016)-32 ("**Land Parcel I**"), code no. 登政出 (2017)-06 ("**Land Parcel II**") and code no. 登政出 (2017)-07 ("**Land Parcel III**") located in Dengfeng City, Henan Province, the People's Republic of China (the "**PRC**") through listing for sale process (the "**Acquisitions**") in the public auction ("**Auction**") held by Dengfeng Bureau of Land and Resources* (登封市國土資源局) for transfer of state-owned land use rights at a consideration of RMB106,228,500 for Land Parcel I, RMB65,312,000 for Land Parcel II and RMB130,496,250 for Land Parcel III respectively. The consideration of each of the Acquisitions was determined based on the Auction documents issued by Dengfeng Bureau of Land and Resources.

The Land Parcel I is located at Southwest District, Intersection of Taihe Road and Zhengtong Road, Dengfeng City* (登封市太和路與政通路交叉口西南區域), Henan Province, the PRC with a total site area of 46,898.78 sq.m. and permitted plot ratio between 1.1 and 1.7. The Land Parcel I is designated for residential usage with the term of 70 years.

The Land Parcel II is located at Northeast corner, Intersection of Hanque Road and Tianzhong Road, Dengfeng City* (登封市漢闕路與天中路交叉口東北角), Henan Province, the PRC with a total site area of 27,210.04 sq.m. and permitted plot ratio between 1.1 and 2.3. The Land Parcel II is designated for residential usage and commercial (wholesale & retailing, accommodation & catering) usage with the term of 70 years for

residential usage and 40 years for commercial (wholesale & retailing, accommodation & catering) usage.

The Land Parcel III is located at Northeast corner, Intersection of Yinghe Road and Tianzhong Road, Dengfeng City* (登封市穎河路與天中路交叉口東北角), Henan Province, the PRC with a total site area of 50,435.88 sq.m. and permitted plot ratio between 1.1 and 2.7. The Land Parcel III is designated for residential usage and commercial (wholesale & retailing, accommodation & catering) usage with the term of 70 years for residential usage and 40 years for commercial (wholesale & retailing, accommodation & catering) usage.

A sum of RMB106,228,500 for Land Parcel I, RMB65,312,000 for Land Parcel II and RMB130,496,250 for Land Parcel III, respectively, have been paid as the security deposit for the Auction. Pursuant to the procedures under the listing for sale process in the Auction, following the successful bid, Henan Xinghan shall submit qualification documents to Dengfeng Bureau of Land and Resources for verification. Upon completion of the verification process, Dengfeng Bureau of Land and Resource will issue a confirmation notice (“**Confirmation Notice**”) in respect of the Land Parcel I, Land Parcel II and Land Parcel III to Henan Xinghan. The land use rights grant contract in respect of the Land Parcel I, Land Parcel II and Land Parcel III, containing the details of the payment terms of the consideration of each of the Acquisitions, is expected to be entered between Henan Xinghan and Dengeng Bureau of Land and Resources in respect of the Acquisitions within 10 working days from the date of the Confirmation Notice.

INFORMATION ON PARTIES TO THE ACQUISITIONS

Henan Xinghan is a company established in the PRC, an indirect wholly-owned subsidiary of the Company and its principal activity is property development.

Dengeng Bureau of Land and Resources, being the seller of the Land Parcel, is a PRC Governmental body and is responsible for, among other things, administering the examination and approval of land planning, assignment and transfer of the land use rights of the state-owned land in Dengfeng City, Henan Province, the PRC, and the issue of various types of land certificates.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Dengfeng Bureau of Land and Resources and its beneficial owner are third parties independent of the Group and its connected persons.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Company and its subsidiaries (“**Group**”) are principally engaged in property development, property investment and management, hotel operations and securities trading and investment. The Board believes that each of the Acquisitions complements the Group’s strategy in expanding its development in Henan Province and other first and second tier cities in the PRC.

The Directors further consider that each of the Acquisitions is a transaction of revenue nature is carried out in the ordinary and usual course of business and is on normal commercial terms, which is fair and reasonable and in the interests of the Company and its 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 20 September 2017, Zensun Real Estate Co., Ltd* (河南正商置業有限公司) (“**Zensun**”), a company ultimately controlled by Ms. Huang Yanping who is a Director and the controlling shareholder of the Company, entered into three loan agreements (“**Loan Agreements**”) with Henan Xinghan pursuant to which Zensun has agreed to provide, upon Henan Xinghan's request, unsecured loan(s) of RMB106,228,500 for Land Parcel I, RMB65,312,000 for Land Parcel II and RMB130,496,250 for Land Parcel III each for a duration of two years from the date of the Loan Agreements (“**Financial Assistance**”), with discretionary right on Zensun to demand immediate repayment. 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 Agreements at an interest rate of no more than 4% per annum on the loan(s) actually drawdown. The proceeds from the Financial Assistance will be used to finance the Acquisitions and the development of the Land Parcel I, Land Parcel II and Land Parcel III.

As Ms. Huang Yanping is a Director and the controlling shareholder of the Company, the Financing Assistance will constitute a connected transaction in the form of financial assistance from Zensun in favour of Henan Xinghan. However, as the Financial Assistance is not secured by any assets of the Group, and as the Directors consider that the Financial Assistance is on normal commercial terms or better, the Financial Assistance 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 (the “**Listing Rules**”).

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated in respect of the Acquisitions under Rule 14.07 of the Listing Rules exceed 25% but is less than 100%, the Acquisitions constitute a major transaction for the Company under the Listing Rules. Since each of the Acquisitions (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, each of the Acquisitions is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, each of the Acquisitions 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 Acquisitions and such other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 13 October 2017.

By Order of the Board
ZH International Holdings Limited

Zhang Jingguo
Chairman, Chief Executive Officer
and Executive Director

Hong Kong, 20 September 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.

** For identification purpose only.*