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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)

PROPOSED ISSUANCE OF U.S.\$200,000,000 7.5% BONDS DUE 2019

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board is pleased to announce that on 7 February 2018, the Company entered into the Subscription Agreement with Ever Diamond as the guarantor, AMTD as the placing agent and the investors in connection with the issue and sale of the Bonds.

The Company intends to use the gross proceeds from the Bonds Issue for general corporate purposes.

As the conditions precedents to completion of the Subscription Agreement may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events, Shareholders and prospective investors of the Company are urged to exercise caution when dealing in the securities of the Company.

INTRODUCTION

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board is pleased to announce that on 7 February 2018, the Company entered into the Subscription Agreement with Ever Diamond as the guarantor, AMTD as the placing agent and the investors in connection with the issue and sale of the Bonds.

1. The Subscription Agreement

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|----------------|--|
| Date | 7 February 2018 |
| Parties | (1) the Company;
(2) Ever Diamond, as the guarantor in relation to the Bonds;
(3) AMTD, as the placing agent in relation to the Bonds; and
(4) the investors. |

To the best of the Directors' knowledge, information and belief, each of AMTD and the investors is an Independent Third Party and is not a connected person of the Company.

The guarantee provided by Ever Diamond in relation to the Bonds will constitute financial assistance to be provided by a connected person for the benefit of the Company. Such financial assistance is on normal commercial terms or better and is not secured by the assets of the Group and is therefore exempted under Rule 14A.90 of the Listing Rules from all reporting, announcement and independent shareholders' approval requirements.

The Bonds have not been, and will not be, registered under the U.S. Securities Act. The Bonds will only be offered outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act.

2. Use of Gross Proceeds

The Company intends to use the gross proceeds from the Bonds Issue for general corporate purposes.

The Bonds Issue will not result in any dilution effect on the shareholding of the existing Shareholders. The Directors are of the view that the issuance of Bonds provides a good opportunity to strengthen the Company's financial position and the terms of the Bonds are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

3. Principal Terms of the Bonds

Company: The Company.

Offering Type: The Bonds are being offered outside the United States in reliance on Regulation S under the U.S. Securities Act.

Status of the Bonds: The Bonds will constitute direct, general, unconditional and unsubordinated (subject to the Conditions) obligations of the Company which: (i) rank *pari passu* among themselves; and (ii) will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Status of the Guarantee of the Bonds: The guarantee of the Bonds will constitute direct, general, unconditional and unsubordinated obligations of Ever Diamond which: (i) rank *pari passu* among themselves; and (ii) will at all times rank at least *pari passu* with all other present and future unsubordinated obligations of Ever Diamond, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Principal Amount: U.S.\$200,000,000.

Form and Denominations: The Bonds will be issued in registered form in the specified denomination of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof. The Bonds will be represented by a global certificate.

Issue Price: 100% of the principal amount of the Bonds.

Interest:	The Bonds will bear interest from and including 12 February 2018 at the rate of 7.5% per annum.
Transferability:	Subject to the Conditions, a Bond may be transferred.
Events of Default:	<p>The events of default as provided for in the terms and conditions of the Bonds include, among others, default in payment of principal when due or interest on the Bonds after the due date for such payment, default in the performance of certain obligations under the Bonds that is incapable of remedy or is not remedied within 10 business days after notice by the investors and certain events of change of control, cross-default, unsatisfied judgment, insolvency and winding-up as provided for in the Conditions.</p> <p>Following the occurrence of such events, the investors may give notice to the Company that the Bonds are immediately due and repayable at their principal amount (or if the event of default was a change of control, at a redemption price of 101% of the principal amount) together with any accrued and unpaid interest and/or the investors may take any action, exercise any other right or pursue any other remedy conferred upon the investors.</p>
Tax Redemptions:	The Bonds may be redeemed before the Maturity Date at the option of the Company in whole at any time upon giving notice to the investors at the principal amount together with interest accrued if the Company or Ever Diamond has or will become obliged to pay additional tax in relation to the Bonds as a result of any change in, or amendment to, the laws or regulations of any relevant jurisdiction which the Company or Ever Diamond is organised or resident for tax purposes.
Maturity Date:	31 January 2019.
Listing:	No application will be made for a listing of the Bond on any stock exchange.
Expected Issue Date:	The Bonds are expected to be issued on 12 February 2018, or such later date, not being later than 23 February 2018, as the Company, Ever Diamond and the investors may agree.
Governing Law:	Hong Kong law.

4. General

As the conditions precedents to completion of the Subscription Agreement may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events, Shareholders and prospective investors of the Company are urged to exercise caution when dealing in the securities of the Company.

5. Definitions

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“AMTD”	AMTD Global Markets Limited
“Board”	the board of directors of the Company
“Bond(s)”	the U.S.\$200,000,000 7.5% bonds due 2019 to be issued by the Company and guaranteed by Ever Diamond as described in this announcement
“Bonds Issue”	the issuance of the Bonds by the Company
“Company”	ZH International Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 185)
“Conditions”	means the terms and conditions scheduled to the Subscription Agreement.
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Ever Diamond”	Ever Diamond Global Company Limited, a company incorporated in Hong Kong and wholly owned by Ms. Huang
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	parties independent of the Company and its connected persons
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“ Maturity Date ”	31 January 2019
“ Ms. Huang ”	Ms. Huang Yanping, a controlling shareholder and a Director of the Company
“ PRC ”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“ SFO ”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“ Shareholder(s) ”	the shareholder(s) of the Company
“ Shares ”	The ordinary shares in the share capital of the Company
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“ Subscription Agreement ”	the subscription agreement dated 7 February 2018 entered into between the Company, Ever Diamond as the guarantor, AMTD as the placing agent and the investors
“ U.S. dollars ” or “ U.S.\$ ”	United States dollars, the lawful currency of the United States
“ U.S. Securities Act ”	the United States Securities Act of 1933, as amended
“ United States ”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“ % ”	per cent.

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

Hong Kong, 7 February 2018

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.