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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)

DISCLOSEABLE 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 28 June 2018, Henan Heluo, an indirect wholly-owned subsidiary of the Company, made seven successful bids for the land use rights of the Land Parcels at an aggregate consideration of RMB134,890,000 through listing for sale process in the Auction held by Gongyi Municipal Bureau of Land and Resources* (鞏義市國土資源局) for transfer of state-owned land use rights.

The Land Parcels are located at Caodian Village and Zhaoling Village, Mihe Town, Gongyi City* (鞏義市米河鎮草店村及趙嶺村), Henan Province, the PRC. Land Parcel I to Land Parcel VI are located at Caodian Village while Land Parcel VII is located at Zhaoling Village.

Land Parcel I is acquired at a consideration of RMB9,220,000, has a total site area of 15,705.06 sq.m. and permitted plot ratio is not higher than 1.2. Land Parcel I is designated for residential usage and commercial usage with the term of use of 70 years for residential usage and 40 years for commercial usage.

Land Parcel II is acquired at a consideration of RMB13,070,000, has a total site area of 22,336.64 sq.m. and permitted plot ratio is not higher than 1.2. Land Parcel II is designated for accommodation and catering usage with the term of use for 40 years.

Land Parcel III is acquired at a consideration of RMB27,330,000 has a total site area of 46,726.25 sq.m. and permitted plot ratio between 1.0 and 1.1. Land Parcel III is designated for residential usage with the term of use for 70 years.

Land Parcel IV is acquired at a consideration of RMB20,220,000, has a total site area of 34,559.47 sq.m. and permitted plot ratio between 1.0 and 1.1. Land Parcel IV is

designated for residential usage with the term of use for 70 years.

Land Parcel V is acquired at a consideration of RMB28,150,000, has a total site area of 48,118.26 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel V is designated for residential usage with the term of use for 70 years.

Land Parcel VI is acquired at a consideration of RMB16,960,000, has a total site area of 28,995.50 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel VI is designated for residential usage with the term of use for 70 years.

Land Parcel VII is acquired at a consideration of RMB19,940,000, has a total site area of 47,462.27 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel VII is designated for residential usage with the term of use for 70 years.

FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER

The Board further announces that on 28 June 2018, Zensun entered into seven loan agreements with Henan Heluo to provide Financial Assistance to Henan Heluo in the amount of RMB9,220,000 for Land Parcel I, RMB13,070,000 for Land Parcel II, RMB27,330,000 for Land Parcel III, RMB20,220,000 for Land Parcel IV, RMB28,150,000 for Land Parcel V, RMB16,960,000 for Land Parcel VI, and RMB19,940,000 for Land Parcel VII, respectively.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated in respect of the Acquisitions under Rule 14.07 of the Listing Rules exceed 5% but is less than 25%, the Acquisitions constitute a discloseable transaction for the Company under the Listing Rules.

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 Listing Rules.

ACQUISITIONS OF LAND USE RIGHTS

The board ("**Board**") of directors ("**Directors**") of ZH International Holdings Limited ("**Company**") is pleased to announce that on 28 June 2018, Henan Zensun Heluo Real Estate Company Limited* (河南正商河洛置業有限公司) ("**Henan Heluo**"), an indirect wholly-owned subsidiary of the Company, made seven successful bids for the land use rights of the land parcel with code no. 2018-158 ("**Land Parcel I**"), code no. 2018-159 ("**Land Parcel II**"), code no. 2018-160 ("**Land Parcel III**"), code no. 2018-161 ("**Land Parcel IV**"), code no. 2018-162 ("**Land Parcel V**"), code no. 2018-163 ("**Land Parcel VI**") and code no. 2018-165 ("**Land Parcel VII**"), located in Gongyi City* (鞏義市), Henan Province, the People's Republic of China (the "**PRC**") through listing for sale process (the "**Acquisitions**") in the public auction ("**Auction**") held by Gongyi Municipal Bureau of Land and Resources* (鞏義市國土資源局) for transfer of state-owned land use rights at an aggregate consideration of RMB134,890,000. The above mentioned land parcels collectively are referred to as "**Land Parcels**". The consideration of each of the Acquisitions was determined based on the Auction documents issued by Gongyi Municipal Bureau of Land and Resources.

The Land Parcels are located at Caodian Village and Zhaoling Village, Mihe Town, Gongyi City* (鞏義市米河鎮草店村及趙嶺村), Henan Province, the PRC. Land Parcel I to Land Parcel VI are located at Caodian Village while Land Parcel VII is located at Zhaoling Village.

Land Parcel I is acquired at a consideration of RMB9,220,000, has a total site area of 15,705.06 sq.m. and permitted plot ratio is not higher than 1.2. Land Parcel I is designated for residential usage and commercial usage with the term of use of 70 years for residential usage and 40 years for commercial usage.

Land Parcel II is acquired at a consideration of RMB13,070,000, has a total site area of 22,336.64 sq.m. and permitted plot ratio is not higher than 1.2. Land Parcel II is designated for accommodation and catering usage with the term of use for 40 years.

Land Parcel III is acquired at a consideration of RMB27,330,000 has a total site area of 46,726.25 sq.m. and permitted plot ratio between 1.0 and 1.1. Land Parcel III is designated for residential usage with the term of use for 70 years.

Land Parcel IV is acquired at a consideration of RMB20,220,000, has a total site area of 34,559.47 sq.m. and permitted plot ratio between 1.0 and 1.1. Land Parcel IV is designated for residential usage with the term of use for 70 years.

Land Parcel V is acquired at a consideration of RMB28,150,000, has a total site area of 48,118.26 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel V is designated for residential usage with the term of use for 70 years.

Land Parcel VI is acquired at a consideration of RMB16,960,000, has a total site area of 28,995.50 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel VI is designated for residential usage with the term of use for 70 years.

Land Parcel VII is acquired at a consideration of RMB19,940,000, has a total site area of 47,462.27 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel VII is designated for residential usage with the term of use for 70 years.

A sum of RMB9,220,000 for Land Parcel I, RMB13,070,000 for Land Parcel II, RMB27,330,000 for Land Parcel III, RMB20,220,000 for Land Parcel IV, RMB28,150,000 for Land Parcel V, RMB16,960,000 for Land Parcel VI and RMB19,940,000 for Land Parcel VII, respectively, have been paid as the security deposit for the Auction. Pursuant to the procedures under the listing for sale process in the Auction, within three working days following the successful bids, Henan Heluo shall submit qualification documents to Gongyi Municipal Bureau of Land and Resources for verification. Upon completion of the verification process, Gongyi Municipal Bureau of Land and Resource will issue a confirmation notice (“**Confirmation Notice**”) in respect of each of the Land Parcels to Henan Heluo. Upon issuance of Confirmation Notice, the land use rights grant contracts in relation to the each of the Acquisitions will be entered into between Henan Heluo and Gongyi Municipal Bureau of Land and Resources on or before the date determined by Gongyi Municipal Bureau of Land and Resources as stipulated in the Confirmation Notice.

INFORMATION ON PARTIES TO THE ACQUISITIONS

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

Gongyi Municipal Bureau of Land and Resources, being the seller of the Land Parcels, 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 Gongyi 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, Gongyi Municipal 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 the Acquisitions complement 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 28 June 2018, 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 seven loan agreements ("**Loan Agreements**") with Henan Heluo pursuant to which Zensun has agreed to provide, upon Henan Heluo's request, unsecured loan(s) of RMB9,220,000 for Land Parcel I, RMB13,070,000 for Land Parcel II, RMB27,330,000 for Land Parcel III, RMB20,220,000 for Land Parcel IV, RMB28,150,000 for Land Parcel V, RMB16,960,000 for Land Parcel VI and RMB19,940,000 for Land Parcel VII, respectively ("**Financial Assistance**"), with discretionary right on Zensun to demand immediate repayment. Such loan(s) will be available for drawdown by Henan Heluo in accordance with actual needs 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 Parcels.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated in respect of the Acquisitions under Rule 14.07 of the Listing Rules exceed 5% but is less than 25%, the Acquisitions constitute a discloseable transaction for the Company under the Listing Rules.

As Ms. Huang Yanping is a Director and the controlling shareholder of the Company, the Financial Assistance will constitute a connected transaction in the form of financial assistance from Zensun in favour of Henan Heluo. 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**").

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

Hong Kong, 28 June 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.

** For identification purpose only.*