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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 ACQUISITION OF LAND USE RIGHTS IN HENAN PROVINCE, THE PRC

ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that on 24 August 2018, Henan Huafu, an indirect wholly-owned subsidiary of the Company, made a successful bid for the land use rights of the Land Parcel through listing for sale process in the Auction held by Land and Resources Bureau of Zhengzhou City* (鄭州市國土資源局) for transfer of state-owned land use rights at a consideration of RMB270,960,000.

The Land Parcel is located at east of Nanbei Avenue, south of Xincheng Road* (南北大街東側、新城路南側), Huiji District, Zhengzhou City, Henan Province, the PRC with a total site area of 31,005.38 sq.m. and permitted plot ratio of not higher than 3.5. The Land Parcel is designated for retail, wholesale, catering, hostel and commercial finance usages with the term for 40 years.

LISTING RULES IMPLICATIONS

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

ACQUISITION OF LAND USE RIGHTS

The board (“**Board**”) of directors (“**Directors**”) of ZH International Holdings Limited (“**Company**”) is pleased to announce that on 24 August 2018, Henan Zensun Huafu Real Estate Company Limited* (河南正商華府置業有限公司) (“**Henan Huafu**”), an indirect wholly-owned subsidiary of the Company, made a successful bid for the land use rights of a land parcel with code no. 鄭政出 [2018] 99# (the “**Land Parcel**”), located in Huiji District, Zhengzhou City, Henan Province, the People’s Republic of China (the “**PRC**”) through listing for sale process (the “**Acquisition**”) in the public auction (“**Auction**”) held

by Land and Resources Bureau of Zhengzhou City* (鄭州市國土資源局) for transfer of state-owned land use rights at a consideration of RMB270,960,000. The consideration of the Acquisition was determined based on the Auction documents issued by Land and Resources Bureau of Zhengzhou City. The Group will finance the Acquisition and the development of the Land Parcel with internal resources.

The Land Parcel is located at east of Nanbei Avenue, south of Xincheng Road* (南北大街東側、新城路南側), Huiji District, Zhengzhou City, Henan Province, the PRC with a total site area of 31,005.38 sq.m. and permitted plot ratio of not higher than 3.5. The Land Parcel is designated for retail, wholesale, catering, hostel and commercial finance usages with the term for 40 years.

A sum of RMB135,500,000 for the Land Parcel has been paid as the security deposit for the Auction. Pursuant to the procedures under the listing for sale process in the Auction, within two working days following the successful bid, Henan Huafu shall submit qualification documents to Land and Resources Bureau of Zhengzhou City for verification. Upon completion of the verification process, Land and Resources Bureau of Zhengzhou City will issue a confirmation notice (“**Confirmation Notice**”) in respect of the Land Parcel to Henan Huafu. The land use rights grant contract in relation to the Acquisition is expected to be entered between Henan Huafu and Land and Resources Bureau of Zhengzhou City on or before the date determined by Land and Resources Bureau of Zhengzhou City as stipulated in the Confirmation Notice.

INFORMATION ON PARTIES TO THE ACQUISITION

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

Land and Resources Bureau of Zhengzhou City, 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 Zhengzhou 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, Land and Resources Bureau of Zhengzhou City and its beneficial owner are third parties independent of the Group and its connected persons.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in property development, property investment and management, hotel operations and securities trading and investment. The Board believes that the Acquisition 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 the Acquisition 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.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated in respect of the Acquisition under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under 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, 24 August 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.*