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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 ACQUISITION OF LAND USE RIGHTS IN HENAN PROVINCE, THE PRC

ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that on 11 January 2019, Henan Xinzhu, 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 RMB672,600,000.

The Land Parcel is located at south of Hongmei Street and west of Chuanyang Road* (紅梅街以南、川楊路以西), Gaoxin District, Zhengzhou City, Henan Province, the PRC with a total site area of 51,395.40 sq.m. and permitted plot ratio between 1.1 and 2.5. The Land Parcel is designated for residential usage with the term of 70 years.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated in respect of Acquisition under Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules. Since the Acquisition (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, the Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, the Acquisition 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 Acquisition and such other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 1 February 2019.

ACQUISITION OF LAND USE RIGHTS

The board (“**Board**”) of directors (“**Directors**”) of ZH International Holdings Limited (“**Company**”) is pleased to announce that on 11 January 2019, Henan Xinzhu Real Estate Company Limited* (河南新築置業有限公司) (“**Henan Xinzhu**”), an indirect wholly-owned subsidiary of the Company, made a successful bid for the land use rights of the land parcel with code no. 鄭政出(2018) No. 175 (the “**Land Parcel**”), located in Gaoxin 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 RMB672,600,000. 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 south of Hongmei Street and west of Chuanyang Road* (紅梅街以南、川楊路以西), Gaoxin District, Zhengzhou City, Henan Province, the PRC with a total site area of 51,395.40 sq.m. and permitted plot ratio between 1.1 and 2.5. The Land Parcel is designated for residential usage with the term of 70 years.

A sum of RMB437,630,000 has been paid as the security deposit for the Land Parcel 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 Xinzhu 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 Xinzhu. The land use rights grant contract in relation to the Acquisition will be entered into between Henan Xinzhu 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 Xinzhu is 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 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 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 (“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 Rules Governing Listing of the Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules. Since the Acquisition (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, the Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, the Acquisition 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 Acquisition and such other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 1 February 2019.

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

Hong Kong, 11 January 2019

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.*