

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in ZH International Holdings Limited (the “Company”), you should at once hand this circular together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



ZH INTERNATIONAL HOLDINGS LIMITED

正恒國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

**CONNECTED TRANSACTION
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
PROPOSED CHANGE OF COMPANY NAME;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial Adviser to the Company



Alliance Capital Partners Limited
同人融資有限公司

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



建泉融資有限公司
VBG Capital Limited

A letter from the board of directors of ZH International Holdings Limited (the “Company”) is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee (as defined herein) is set out on pages 14 to 15 of this circular. A letter from VBG Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders (as defined herein) of the Company, is set out on pages 16-28 of this circular.

A notice convening the EGM (as defined herein) to be held at 1804, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Wednesday, 12 June 2019 at 10:10 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at 10:00 a.m. on the same day, whichever is later) is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM of the Company is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (<http://www.zhsuccess.com>). Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Friendly Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (i.e. not later than Monday, 10 June 2019 at 10:10 a.m.). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so desire.

References to time and dates in this circular are referring to Hong Kong time and dates.

23 May 2019

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	14
LETTER FROM VBG CAPITAL	16
APPENDIX I – GENERAL INFORMATION	29
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms and expressions have the following meaning:

“Articles of Association”	the articles of association of the Company (as amended from time to time)
“associate(s)”	has the meaning ascribed to such term in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, a Sunday or a public holiday or a day on which a tropical cyclone warning No.8 or above or a “black rainstorm” warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which commercial banks are open for general banking business in Hong Kong
“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
“Completion”	completion of the Subscription
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at 1804, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Wednesday 12 June 2019 at 10:10 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at 10:00 a.m. on the same day, whichever is later) to consider and, if appropriate, to approve the resolution contained in the EGM Notice which is set out on pages EGM-1 to EGM-3 of this circular, or any adjournment thereof
“EGM Notice”	the notice convening the EGM set out on pages EGM-1 to EGM-3 of this circular
“Group”	the Company and its subsidiaries

DEFINITIONS

“HK\$”	Hong Kong dollar, the lawful currency of the Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely Dr. Liu Qiao, Mr. Liu Da and Mr. Ma Yuntao, formed to advise the Independent Shareholders in relation to the Subscription
“Independent Financial Adviser” or “VBG Capital”	VBG Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in relation to the Subscription
“Independent Shareholder(s)”	Shareholder(s) other than the Subscriber and its associates
“Latest Practicable Date”	17 May 2019, being the latest practicable date for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. Zhang Jingguo, the Chairman, Chief Executive Officer and executive Director of the Company
“Ms. Huang”	Ms. Huang Yanping, the non-executive Director and a controlling shareholder of the Company
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Change of Company Name”	The proposal to change the English name of the Company from “ZH International Holdings Limited” to “Zensun Enterprises Limited” and the Chinese name of the Company from 「正恒國際控股有限公司」to 「正商實業有限公司」
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM for the allotment and issue of the Subscription Shares upon Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Joy Town Inc., a company incorporated in the British Virgin Islands with limited liability and a controlling Shareholder
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 2 May 2019 entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	HK\$0.38 per Subscription Share
“Subscription Share(s)”	4,117,879,979 Shares, being the Shares to be allotted and issued to the Subscriber subject to the terms of the Subscription Agreement
“%”	per cent

English names marked with “*” are translations of their Chinese names and are included in this circular for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.

For the purpose of this circular, translations of Renminbi into Hong Kong dollars or *vice versa* have been calculated by using an exchange rate of HK\$1.00 equal to RMB0.8547. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.



ZH INTERNATIONAL HOLDINGS LIMITED

正恒國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

Executive Directors:

Mr. Zhang Jingguo

(Chairman and Chief Executive Officer)

Mr. Zhang Guoqiang

Non-executive Directors:

Ms. Huang Yanping

Independent Non-executive Directors:

Mr. Liu Da

Dr. Liu Qiao

Mr. Ma Yuntao

*Registered office and principal place
of business in Hong Kong:*

24th Floor

Wyndham Place

40-44 Wyndham Street

Central, Hong Kong

23 May 2019

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
PROPOSED CHANGE OF COMPANY NAME;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcements of the Company dated 2 May 2019 and 10 May 2019 in relation to, among other things, the Subscription and Proposed Change of Company Name.

On 2 May 2019, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price on the Completion Date.

As at the date of the Subscription Agreement and the Latest Practicable Date, the Subscriber is a controlling Shareholder, holding 3,579,612,209 Shares, representing approximately 57.95% of the number of the issued Shares. Since the Subscriber is a

LETTER FROM THE BOARD

connected person of the Company under the Listing Rules, the Subscription will constitute a connected transaction for the Company, and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 10 May 2019, the Company proposed that the English name of the Company be changed from "ZH International Holdings Limited" to "Zensun Enterprises Limited" and the Chinese name of the Company from 「正恒國際控股有限公司」 to 「正商實業有限公司」.

The purpose of this circular is to provide you with, among other things, (i) details of the Subscription Agreement; (ii) the recommendation from the Independent Board Committee in respect of the Subscription; (iii) the letter of advice from VBG Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription; (iv) details of the Proposed Change of Company Name; and (v) the EGM Notice.

THE SUBSCRIPTION AGREEMENT

Date

2 May 2019

Parties

- (1) the Company as issuer; and
- (2) the Subscriber as subscriber.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the date of the Subscription Agreement and the Latest Practicable Date, the Subscriber is a controlling Shareholder, holding 3,579,612,209 Shares, representing approximately 57.95% of the number of the issued Shares, accordingly, the Subscriber is a connected person of the Company under Chapter 14A of the Listing Rules.

Number of Subscription Shares

4,117,879,979 Subscription Shares, which represent approximately 66.67% of the number of issued Shares as at the Latest Practicable Date, and approximately 40.00% of the number of issued Shares as enlarged by the proposed allotment and issue of the Subscription Shares.

The Subscription Shares will be issued under the Specific Mandate to be granted by the Independent Shareholders in the EGM.

LETTER FROM THE BOARD

The Subscription Price

The Subscription Price is HK\$0.38 per Subscription Share, and the aggregate Subscription Price for all Subscription Shares shall be paid by the Subscriber to the Company in cash upon Completion. It represents:

- (i) a premium of approximately 8.57% over the closing price of HK\$0.35 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 11.76% to the closing price of HK\$0.34 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (iii) a premium of approximately 7.34% to the average closing price of approximately HK\$0.354 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Subscription Agreement; and
- (iv) a premium of approximately 80.95% to consolidated net asset value per Share of approximately RMB0.18 (equivalent to approximately HK\$0.21) (based on the audited consolidated net asset value attributable to the owners of the Company as at 31 December 2018 of approximately RMB1.13 billion (equivalent to approximately HK\$1.31 billion)).

The Subscription Price was determined, among others, with reference to the market price of the Shares under the prevailing market conditions, performance and financial position of the Group and was negotiated on an arm's length basis between the Company and the Subscriber.

The net issue price per Subscription Share is approximately HK\$0.379.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the issued Shares as at the Completion Date.

Conditions of the Subscription

Completion is subject to the following conditions:

- (i) the Board having approved the terms and authorised the execution of and performance by the Company of its obligations under the Subscription Agreement;
- (ii) the Independent Shareholders having approved the terms and authorised the execution of and performance by the Company of its obligations under the Subscription Agreement;

LETTER FROM THE BOARD

- (iii) the board of directors of the Subscriber having approved the terms and authorised the execution of and performance by the Subscriber of its obligations under the Subscription Agreement;
- (iv) the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange;
- (v) the Company will be able to meet the public float requirement under the Listing Rules upon Completion;
- (vi) all other necessary consents, approvals, permits or licences from the relevant governmental or regulatory authorities or other third parties in relation to the transactions contemplated under the Subscription Agreement having been obtained; and
- (vii) the representations and warranties made by the Company where required to be repeated in accordance with the Subscription Agreement at Completion being materially true and accurate at the time of Completion, as though then made and the Company not otherwise being in material breach of its obligations under the Subscription Agreement.

Each of the conditions set out above is not waivable under any circumstances.

If the conditions set out above are not fulfilled on or before 12 August 2019, being the long stop date, the Subscription Agreement shall be terminated.

As at the Latest Practicable Date, conditions (i) and (iii) have been fulfilled.

Completion

Completion shall take place within five (5) Business Days after the fulfilment of the conditions (or at such other time and place as designated by the Company).

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AND INTENDED USE OF PROCEEDS

The Group is principally engaged in property development, property investment and management, hotel operations and securities trading and investment.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the Independent Financial Adviser with regard to the Subscription) consider that the Subscription will strengthen the capital base of the Company and that the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The gross proceeds of the Subscription are estimated to be approximately HK\$1,564.8 million, and the net proceeds of the Subscription (after deducting all applicable costs and expenses reasonably incurred in relation to the entering of the Subscription Agreement and the related documents) are estimated to be approximately HK\$1,562.9 million. The net proceeds of the Subscription are intended to be applied in the following manner:

- (i) approximately HK\$625.1 million (representing approximately 40.0% of the estimated net proceeds from the Subscription) for the construction payment which is expected to be paid for two of our ongoing property projects namely, Zensun River Home (Phase II) (正商家河家二期) and Zensun Fenghuashangjing (正商豐華上境) in order to alleviate the funding requirement for the development stage of the projects of the Group (the “**Project Development Cost**”);
- (ii) approximately HK\$625.1 million (representing approximately 40.0% of the estimated net proceeds from the Subscription) for the repayment of bank loans due during the period ending 31 December 2019 (the “**Repayment of Bank Loans**”), to improve the liquidity, borrowing power and gearing ratio of the Company;
- (iii) approximately HK\$156.4 million (representing approximately 10.0% of the estimated net proceeds from the Subscription) for the acquisition of land use rights through listing for sale process at public auctions to be held by relevant government bureau in the PRC; and
- (iv) approximately HK\$156.3 million (representing approximately 10.0% of the estimated net proceeds from the Subscription) for the general working capital, which will be utilised as to (a) approximately HK\$60.3 million for administrative expenses; (b) approximately HK\$76.0 million for sales and marketing expenses; and (c) approximately HK\$20.0 million for preliminary project planning costs for the Group.

Regarding the Project Development Cost, total budget development cost of the Group are approximately RMB6,405.0 million for the nine months ending 31 March 2020, the Company intends to apply as to approximately HK\$625.1 million (equivalent to approximately RMB534.3 million) or 40.0% of the estimated net proceeds for the development of Zensun River Home (Phase II) and Zensun Fenghuashangjing and the outstanding amount will be funded by internal resources of the Group and other sources of funding including equity or debt financing, and/ or financial support from the Company’s controlling Shareholder. A summary of the relevant budget development cost is set out below.

Development period:	Budget development cost of the Group			
	Zensun River Home (Phase II) RMB’000	Zensun Fenghuashangjing RMB’000	Other property development projects RMB’000	Total RMB’000
During 1 July 2019 to 31 March 2020	384,300	150,000	5,870,700	6,405,000

LETTER FROM THE BOARD

Regarding the Repayment of Bank Loans, there are approximately RMB1,204.0 million bank loans will be due during the period ending 31 December 2019, the Company intends to apply as to approximately HK\$625.1 million (equivalent to approximately RMB534.3 million) or 40.0% of the net proceeds for the repayment of existing debt and the outstanding amount will be estimated funded by internal resources of the Group and other sources of funding including equity or debt financing, and/or financial support from the Company's controlling Shareholder. The Company had considered other fund raising alternatives available to the Group such as debt financing, rights issues and open offer. However, debt financing will result in additional interest burden, given the gearing ratio of the Group was approximately 21.6x as at 31 December 2018 (i.e gearing ratio was calculated by the aggregate amounts of bank and other borrowings, amounts due to related companies and loans from a related company, net of the aggregate amounts of cash and cash equivalents, restricted bank balances and pledged deposits). Accordingly, the Company considers that it is prudent to finance the funding needs of the Group in the form of equity which will not increase the Group's finance costs. On the other hand, rights issue or open offer usually require discount to the current market price of the Shares and involve the issue of listing documents with other application and administrative procedures which is relatively more time consuming and less cost effective, the Company considers that the issue of Subscription Shares under Specific Mandate is a more desirable solution for the Group to reduce the gearing ratio and enlarge the capital base for business development.

Although the allotment and issue of the Subscription Shares will have a dilution effect to the existing Shareholders, having considered (i) the Subscription Price represents a premium over the market price of the Shares as of the date of the Subscription Agreement and net tangible assets of the Group per Share as of 31 December 2018; (ii) the Subscription Shares, when allotted and issued, will be recognized entirely as equity of the Company which in turn will reduce the gearing ratio, enlarge the capital base for business development and enhance the net asset position of the Company; and (iii) the Company can save any future interest expenses arising from the Repayment of Bank Loans, the Directors consider that the dilution effect arising from the allotment and issue of the Subscription Shares is justifiable in this regard. In view of the above, the Directors (excluding the independent non-executive Directors who will form their view after receiving and considering the advice by the Independent Financial Adviser regarding the Subscription and the transactions contemplated thereunder) consider that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable so far as the Company and the Shareholders are concerned.

Save for the above and as at the date of this circular, the Company does not have any intention or plan (initial or concrete) or otherwise foresee to undertake any fund raising plans. However, the Directors will not rule out that they may consider fundraising activities when it is reasonably necessary for the Group to raise fund to meet its operational needs or for future development. The Directors will consider carefully the likely impact on the Shareholders before they will proceed on any such fund raising exercises.

FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

The Directors confirm that the Company has not conducted any fund raising activity involving the issue of its equity securities in the 12 months immediately preceding the date of the Subscription Agreement.

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after Completion, assuming that no further Shares have been issued or repurchased before Completion:

	As at the Latest Practicable Date		Immediately after Completion (assuming that no further Shares have been issued or repurchased before Completion)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The Subscriber ^(Note)	3,579,612,209	57.95	7,697,492,188	74.77
Public Shareholders	2,597,207,760	42.05	2,597,207,760	25.23
Total	<u>6,176,819,969</u>	<u>100</u>	<u>10,294,699,948</u>	<u>100</u>

Note: These Shares are directly owned by Joy Town Inc., which are ultimately owned by a discretionary trust established by Ms. Huang as settlor and protector and Vistra Trust (Singapore) Pte Limited as trustee and Ms. Huang Yanping and Ms. Zhang Huiqi as beneficiaries under the discretionary trust. Joy Town Inc. is wholly-owned by Zensun Group Limited. Zensun Group Limited is a wholly owned subsidiary of Notable Reward Limited, which in turn is wholly-owned by Superior Glory Enterprises Limited and the entire issued share capital of Superior Glory Enterprises Limited became assets of the trust. Ms. Huang is the sole director of Joy Town Inc. and Notable Reward Limited and Mr. Zhang is the sole director of Zensun Group Limited.

LISTING RULES IMPLICATIONS

As at the date of the Subscription Agreement and the Latest Practicable Date, the Subscriber is a controlling Shareholder, holding 3,579,612,209 Shares, representing approximately 57.95% of the number of the issued Shares. Since the Subscriber is a connected person of the Company under the Listing Rules, the Subscription will constitute a connected transaction for the Company, and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Subscriber is an associate of Mr. Zhang and Ms. Huang, Mr. Zhang and Ms. Huang are considered to have a material interest in the Subscription and have abstained from voting on the Board resolution(s) of the Company to approve the Subscription Agreement and the transactions contemplated thereunder. Save as disclosed, no other Director has a material interest in the Subscription and therefore has abstained from voting on the board resolution(s) of the Company to approve the Subscription Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to give a recommendation to the Independent Shareholders as to whether the terms of the Subscription Agreement, together with the proposed issue and allotment of the Subscription Shares under the Specific Mandate are (i) on normal commercial terms or better; (ii) fair and reasonable; (iii) are in the interests of the Company and the Shareholders as a whole, and to give a recommendation as to voting at the EGM. VBG Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

PROPOSED CHANGE OF COMPANY NAME

The Board of the Company proposed that the English name of the Company be changed from “ZH International Holdings Limited” to “Zensun Enterprises Limited” and the Chinese name of the Company from 「正恒國際控股有限公司」 to 「正商實業有限公司」.

Reasons for the Proposed Change of Company Name

The Board believes that the new English and Chinese names of the Company will better reflect the Company’s strategy and future development of the business of the Group. Accordingly, the Board is of the view that a change in company name will provide a new corporate image and identity to better reflect the Group’s future direction and development. As such, the Board considers that the Proposed Change of Company Name is in the best interest of the Company and its Shareholders as a whole.

Conditions for the Proposed Change of Company Name

The Proposed Change of Company Name is subject to the passing of a special resolution by the Shareholders at the EGM approving the Proposed Change of Company Name and the approval by the Companies Registry in Hong Kong. The Proposed Change of Company Name shall take effect from the date on which the new name is registered with the Companies Registry in Hong Kong. The Company will carry out the necessary filing procedures with the Companies Registry in Hong Kong,

Effects of the Proposed Change of Company Name

The Proposed Change of Company Name will not affect any of the rights of the Shareholders. All existing securities certificates of the Company in issue bearing the existing name of the Company will, after the Proposed Change of Company Name becoming effective, continue to be effective and as evidence of title to the Shares and will continue to be valid for trading, settlement and registration purposes. Accordingly, there will not be any arrangement for free exchange of existing securities certificates for new share certificates bearing the new name of the Company. Once the Proposed Change of Company Name becomes effective, any new issue of share certificates thereafter will only be in the new name of the Company.

LETTER FROM THE BOARD

In addition, subject to the confirmation from the Stock Exchange, the English and Chinese stock short names of the Company under which the shares of the Company will be traded on the Stock Exchange will also be changed after the Proposed Change of Company Name becomes effective. Further announcement(s) relating to the effective date of the Proposed Change of Company Name and the corresponding change in, among others, the stock short names of the Company will be made by the Company as and when appropriate.

The Proposed Change of Company Name will not affect the Group's daily business operations and its financial position.

EGM

The EGM Notice is set out on pages EGM-1 to EGM-3 of this circular.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the relevant connected transaction is required to abstain from voting on the relevant resolution at the EGM. The Subscriber and its associates shall be required to abstain from voting on the resolution of the Company in approving (i) the Subscription Agreement and the transactions contemplated thereunder at the EGM; and (ii) the grant of the Specific Mandate.

Save as disclosed and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Subscription and the Proposed Change of Company Name and is required to abstain from voting on the resolution of the Company in approving (i) the Subscription Agreement and the transactions contemplated thereunder at the EGM; (ii) the grant of the Specific Mandate; and (iii) the Proposed Change of Company Name.

A form of proxy for the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Friendly Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM (i.e. not later than Monday, 10 June 2019 at 10:10 a.m.). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM, or any adjournment thereof, should you so wish.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the EGM will be taken by poll except where the chairman decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the chairman of the EGM will demand a poll for each and every resolution put forward at the EGM pursuant to Article 57 of the Articles of Association. An announcement of the results of the poll will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6 June 2019 to 12 June 2019, both dates inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Friendly Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 5 June 2019.

RECOMMENDATION

The Directors (including the independent non-executive Directors after considering the advice of VBG Capital) consider that although the Subscription is not in the ordinary and usual course of the business of the Group, the terms of the Subscription Agreement, together with the proposed issue and allotment of the Subscription Shares under the Specific Mandate are (i) on normal commercial terms; (ii) fair and reasonable so far as the Independent Shareholders are concerned; and (iii) in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the grant of the Specific Mandate.

The Directors consider that the Proposed Change of Company Name is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolution approving such matters.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 14 to 15 of this circular which contains its recommendation to the Independent Shareholders in relation to the Subscription after taking into account the advice from VBG Capital, and the letter from VBG Capital as set out on pages 16 to 28 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the terms of the Subscription.

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
ZH International Holdings Limited
Zhang Jingguo
*Chairman, Chief Executive Officer
and Executive Director*



ZH INTERNATIONAL HOLDINGS LIMITED

正恒國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

23 May 2019

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

We refer to the circular of the Company dated 23 May 2019 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter, unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to give a recommendation to the Independent Shareholders as to whether the terms of the Subscription Agreement, together with the proposed issue and allotment of the Subscription Shares under the Specific Mandate are (i) on normal commercial terms or better; (ii) fair and reasonable; (iii) are in the interests of the Company and the Shareholders as a whole, and to give a recommendation as to voting at the EGM.

We wish to draw your attention to the letter from the Board and the letter of advice from VBG Capital as set out in the Circular. Having considered the terms of the Subscription Agreement and the transactions contemplated thereunder and the advice given by VBG Capital, we are of the opinion that although the Subscription is not in the ordinary and usual course of the business of the Group, the terms of the Subscription Agreement, together with the proposed issue and allotment of the Subscription Shares under the Specific Mandate are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve (i) the Subscription Agreement and the transactions contemplated thereunder and (ii) the grant of the Specific Mandate.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Liu Da
Independent
non-executive Director

Dr. Liu Qiao
Independent
non-executive Director

Mr. Ma Yuntao
Independent
non-executive Director

LETTER FROM VBG CAPITAL

Set out below is the text of a letter received from VBG Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription for the purpose of inclusion in this circular.



建泉融資有限公司
VBG Capital Limited

18/F., Prosperity Tower
39 Queen's Road Central
Hong Kong

23 May 2019

*To: The independent board committee and the independent shareholders
of ZH International Holdings Limited*

Dear Sirs,

CONNECTED TRANSACTION SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 23 May 2019 issued by the Company to the Shareholders (the "**Circular**"), of which this letter of advice forms part. Terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed "Definitions" in the Circular unless the context requires otherwise.

On 2 May 2019, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 4,117,879,979 Subscription Shares at the Subscription Price of HK\$0.38 per Subscription Share on the Completion Date. The Subscription Shares represent (i) approximately 66.67% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 40.00% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares.

The gross proceeds of the Subscription are estimated to be approximately HK\$1,564.8 million, and the net proceeds of the Subscription (after deducting all applicable costs and expenses reasonably incurred in relation to the entering into of the Subscription Agreement and the related documents) are estimated to be approximately HK\$1,562.9 million.

Since the Subscriber is a controlling shareholder of the Company and hence its connected person under the Listing Rules, the Subscription constitutes a connected transaction for the Company, and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM VBG CAPITAL

The Independent Board Committee comprising Mr. Liu Da, Dr. Liu Qiao and Mr. Ma Yuntao (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Subscription is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, apart from having acted as the independent financial adviser of the Company relating to (i) the major and connected transaction in relation to a proposed acquisition of the Company which an announcement dated 27 September 2017 was issued; (ii) the continuing connected transactions which a circular dated 22 November 2018 was issued; and (iii) the existing engagement in relation to the Subscription, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders of the Company (as defined in the Listing Rules) or any of their associates. We consider ourselves independent to form our opinion in respect of the Subscription.

BASIS OF OUR OPINION

In formulating our opinion with regard to the Subscription, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to those contained or referred to in the announcement of the Company dated 2 May 2019 and the Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the EGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

LETTER FROM VBG CAPITAL

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or future prospects of the Group, the Subscriber or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Subscription. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we did not conduct any independent investigation into the accuracy and completeness of such information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Subscription, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Subscription

Information on the Group

The Group is principally engaged in property development, property investment and management, hotel operations and securities trading and investment.

Set out below is a summary of the audited consolidated financial information on the Group for the three years ended 31 December 2018 as extracted from the Company's annual reports for the year ended 31 December 2018 (the "2018 Annual Report") and the year ended 31 December 2017 (the "2017 Annual Report"), respectively:

	For the year ended 31 December 2018 RMB'000	For the year ended 31 December 2017 (restated) RMB'000	For the year ended 31 December 2016 (restated) RMB'000
Revenue	601,470	1,100,419	67,960
Profit/(loss) for the year	28,492	131,602	(54,214)

LETTER FROM VBG CAPITAL

As depicted by the above table, the Group recorded revenue of approximately RMB1,100.4 million for the year ended 31 December 2017, representing a drastic increase as compared to the prior year. With reference to the 2017 Annual Report, the revenue in 2017 was mainly derived from the Group's property development business in the PRC. As the Group completed and delivered its first two property development projects in the fourth quarter of 2017, the property development business contributed revenue of approximately RMB1,030.2 million (2016: Nil) to the Group in 2017 and successfully turned around the Group's then loss making condition.

For the year ended 31 December 2018, the Group recorded revenue of approximately RMB601.5 million, decreasing by approximately 45.3% as compared to the prior year. Same as in 2017, the revenue in 2018 was mainly derived from the property development business in the PRC. With reference to the 2018 Annual Report, the decrease in revenue was due to the Group's prevailing development strategy of providing "High quality" products to the customers, that most of the Group's property development projects are designed to be delivered with full refurbishment. As such, there was no delivery of newly completed property development projects for the Group during 2018 as a longer development schedule is required for full refurbishment, as compared to the launch of first delivery of two completed property projects in 2017.

As advised by the Directors, the Group has adopted a concrete strategy for further expansion of its property development business in the PRC and devoted continuing effort to expand its land reserves. In 2018, the Group proactively and continuously attended public auctions and successfully completed 51 land acquisitions through listings for sale processes with various local governmental land bureaus and independent third parties in the PRC. Those 51 newly acquired land parcels have contributed total site area of approximately 2.3 million square meters and aggregate estimated gross floor area of approximately 4.9 million square meters in support of the Group's land reserves in the PRC. In 2019 up to the Latest Practicable Date, the Group further acquired three land parcels with total site area of approximately 158,480.86 square meters. According to the Directors, the successful land bids and acquisitions further complemented the Group's strategy in expanding its business operation with focus on Zhengzhou City, Henan Province and other first and second tier cities in the PRC. As at the Latest Practicable Date, the Group had two completed property projects and 28 on-going complex property projects on hand with 78 land parcels under development in the PRC. It is expected that the Group will continue to identify new property development projects and bid for suitable land use rights of other selective land parcels in the PRC in the coming few years.

LETTER FROM VBG CAPITAL

Information on the Subscriber

As extracted from the Letter from the Board, the Subscriber is an investment holding company incorporated in the British Virgin Islands with limited liability. The Subscriber is also a controlling shareholder of the Company (as defined in the Listing Rules).

Reasons for the Subscription and proposed use of proceeds

As disclosed in the Letter from the Board, the Board believes that the Subscription will strengthen the capital base of the Company and that the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds of the Subscription are estimated to be approximately HK\$1,564.8 million, and the net proceeds of the Subscription (after deducting all applicable costs and expenses reasonably incurred in relation to the entering into of the Subscription Agreement and the related documents) are estimated to be approximately HK\$1,562.9 million. The net proceeds of the Subscription are intended to be applied in the following manner:

- (i) approximately HK\$625.1 million (representing approximately 40.0% of the estimated net proceeds from the Subscription) for the construction payment of two of the Group's ongoing property projects, namely, Zensun River Home (Phase II) (正商家河家二期) and Zensun Fenghuashangjing (正商豐華上境), to alleviate the funding requirement for the development stage of the projects of the Group (the "**Project Development Costs**");
- (ii) approximately HK\$625.1 million (representing approximately 40.0% of the estimated net proceeds from the Subscription) for the repayment of bank loans due during the period ending 31 December 2019 (the "**Repayment of Bank Loans**"), to improve the liquidity, borrowing power and gearing ratio of the Company;
- (iii) approximately HK\$156.4 million (representing approximately 10.0% of the estimated net proceeds from the Subscription) for the acquisition of land use rights through listing for sale process at public auctions to be held by the relevant government bureau in the PRC (the "**Acquisition of Land Use Rights**"); and
- (iv) approximately HK\$156.3 million (representing approximately 10.0% of the estimated net proceeds from the Subscription) for the general working capital, which will be utilised as to (a) approximately HK\$60.3 million for administrative expenses; (b) approximately HK\$76.0 million for sales and marketing expenses; and (c) approximately HK\$20.0 million for preliminary project planning costs for the Group.

LETTER FROM VBG CAPITAL

For our due diligence purpose, we have further discussed with the Directors to understand the proposed use of proceeds from the Subscription. Regarding the Project Development Costs, we have enquired into the Directors and obtained the relevant property projects development plan with the following details:

Zensun River Home (Phase II) (正商家河家二期)

Location:	South of Xingyun Road, east of Yule Road, Huiji District, Zhengzhou City
Site area:	84,309.66 square meters
Gross floor area:	312,836.46 square meters
Type:	Residential
Construction commencement date and expected completion date:	Fourth quarter of 2018; Fourth quarter of 2021
Budget development cost during the period from 1 July 2019 to 31 March 2020:	RMB384.3 million (equivalent to approximately HK\$449.6 million)

Zensun Fenghuashangjing (正商豐華上境)

Location:	South of Longhu Neihuan East Road, east of Chunlei Street, Zhengdong New District, Zhengzhou City
Site area:	45,504.68 square meters
Gross floor area:	77,357.96 square meters
Type:	Residential
Construction commencement date and expected completion date:	First quarter of 2019; Fourth quarter of 2021
Budget development cost during the period from 1 July 2019 to 31 March 2020:	RMB150.0 million (equivalent to approximately HK\$175.5 million)

LETTER FROM VBG CAPITAL

In addition, from the 2018 Annual Report, we noted that as at 31 December 2018, the cash and cash equivalents and total capital commitments of the Group amounted to approximately RMB673.4 million and RMB20,012.8 million respectively. As also set forth under the sub-section headed "Information on the Group" of this letter of advice, the Group had two completed property projects and 28 on-going complex property projects on hand with 78 land parcels under development in the PRC as at the Latest Practicable Date. The Group will continue to identify new property development projects and bid for suitable land use rights of other selective land parcels in the PRC in the coming few years. With all these being the case, we concur with the Directors that the Group has an ongoing financing needs to satisfy its capital requirements and fund its future business development. Moreover, in view of that the property development business in the PRC has already become the main source of revenue and a fundamental profit contributor to the Group, the Group's capability to obtain sufficient funding for development of its various property projects on hand would be highly essential and would likely to enhance the Shareholders' value.

Regarding the Repayment of Bank Loans, we were advised by the Directors that the Group has bank loans of approximately RMB1,204.0 million (equivalent to approximately HK\$1,408.7 million) that will be due during the period ending 31 December 2019, and the Company intends to apply the net proceeds from the Subscription to repay part of such bank loans. In this relation, we have obtained copies of the relevant loan agreements. As noted from those loan agreements, the relevant bank loans are with interest rates ranging from approximately 5.225% to 7.125% per annum and will mature consecutively in the second quarter, the third quarter and the fourth quarter of 2019.

Regarding the Acquisition of Land Use Rights, upon our enquiry, the Directors confirmed us that the Group had not identified any targets of land use rights as at the Latest Practicable Date. Notwithstanding this, in view of that as said the property development business in the PRC has already become the main source of revenue and a fundamental profit contributor to the Group, we are of the view that the Group's capability to obtain sufficient funding for acquisition of suitable land use rights to expand its land reserves would also be highly essential and would likely to enhance Shareholders' value.

According to the Group's overall cash flow projections and as aforementioned, further funding would be required in the near future. As advised by the Directors, apart from the Group's internal resources, they would consider other sources of funding, including equity/debt financing and/or financial support from the Company's controlling shareholder. In the meantime, the Directors consider the Subscription to be an appropriate means of financing to the Group. As compared to debt financing, as one of the purposes of the fund raising activity of the Group is the Repayment of Bank Loans so as to improve its liquidity, borrowing power and gearing ratio,

LETTER FROM VBG CAPITAL

unless the Group is able to liaise with the bank for more favorable terms, the Directors consider that debt financing will result in additional interest burden and it would be more prudent to finance the funding needs of the Group in the form of equity which will not increase the Group's finance costs. In respect of equity financing, the Directors consider that both open offer and rights issue usually require discount to the current market price of the Shares and involve the issue of listing documents with other application and administrative procedures which are relatively more time consuming and less cost effective, thus the Subscription is a more desirable solution for the Group to reduce its gearing ratio and enlarge its capital base for business development.

Taking into account (i) the Subscription can strengthen the capital base of the Company; (ii) the funding requirements of the Group for the development stage of the two property projects as highlighted above; (iii) the ongoing financing needs of the Group to satisfy its capital requirements and fund its future business development, and that the Group's capability to obtain sufficient funding for development of its various property projects on hand as well as for acquisition of suitable land use rights would be highly essential and would likely to enhance the Shareholders' value; and (iv) the net proceeds from the Subscription would also provide the Group with the flexibility/option for early repayment of the bank loans due during the period ending 31 December 2019 so as to improve its liquidity, borrowing power and gearing ratio, we concur with the Directors that the Subscription is in the interests of the Company and the Shareholders as a whole although it is not conducted in the ordinary and usual course of business of the Group.

2. Principal terms of the Subscription Agreement

The below table illustrates the key terms of the Subscription Agreement as extracted from the Letter from the Board:

Date:	2 May 2019
Parties:	(1) the Company as issuer; and (2) the Subscriber as subscriber
Number of Subscription Shares:	4,117,879,979 Subscription Shares, which represent (i) approximately 66.67% of the number of issued Shares as at the Latest Practicable Date; and (ii) approximately 40.00% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares.

LETTER FROM VBG CAPITAL

The Subscription Shares will be issued under the specific mandate to be granted by the Independent Shareholders in the EGM.

Subscription Price: HK\$0.38 per Subscription Share

Ranking of the Subscription Shares: The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the issued Shares as at the Completion Date.

The Subscription Price

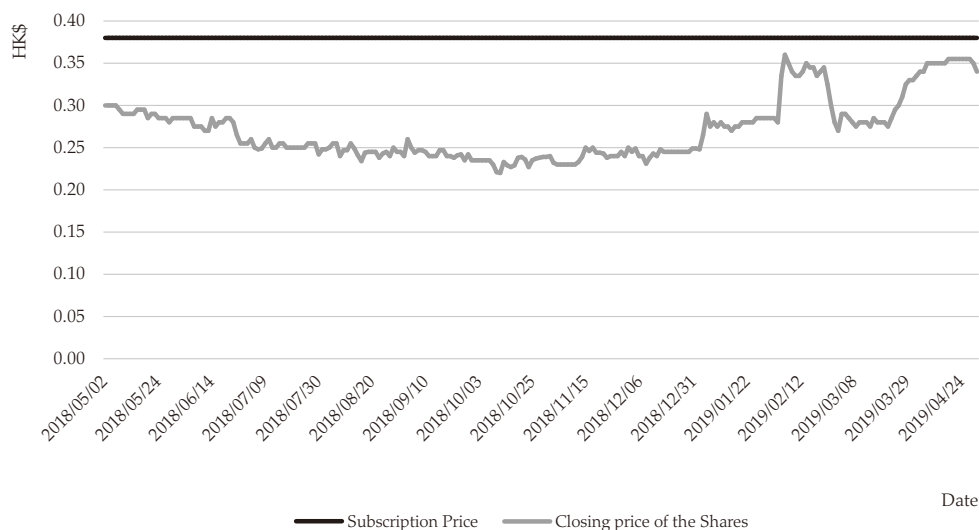
As confirmed by the Directors, the Subscription Price was arrived at with reference to the market price of the Shares under the prevailing market conditions, performance and financial position of the Group and was negotiated on an arm's length basis between the Company and the Subscriber. The Subscription Price of HK\$0.38 per Share represents:

- (i) a premium of approximately 8.57% over the closing price of approximately HK\$0.350 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 11.76% over the closing price of approximately HK\$0.340 per Share as quoted on the Stock Exchange on 2 May 2019, being the date of the Subscription Agreement;
- (iii) a premium of approximately 7.34% over the average closing price of approximately HK\$0.354 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and excluding the date of the Subscription Agreement;
- (iv) a premium of approximately 7.50% over the average closing price of approximately HK\$0.3535 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to and excluding the date of the Subscription Agreement; and
- (v) a premium of approximately 80.95% over the net asset value per Share of approximately RMB0.18 (equivalent to approximately HK\$0.21), based on the audited consolidated equity attributable to owners of the Company and the number of issued Shares as at 31 December 2018 as stated in the 2018 Annual Report.

LETTER FROM VBG CAPITAL

Review on the historical closing prices of the Shares

Set out below is a chart showing the movement of the closing prices of the Shares within the period from 1 May 2018 up to the date of the Subscription Agreement (the “**Review Period**”), to illustrate the general trend and level of movement of the closing prices of the Shares in the recent one year before the date of the Subscription Agreement:



Source: the Stock Exchange website (www.hkex.com.hk)

During the Review Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.360 per Share recorded on 11 February 2019 and HK\$0.220 per Share recorded on 11 October 2018. The closing prices of the Shares followed an overall plummeting trend from the beginning of the Review Period up to 10 December 2018, when it reached HK\$0.231 per Share. Thereafter, the closing Share price rose gradually but fluctuated in February 2019 until the date of the Subscription Agreement. Overall speaking, we noted that the Subscription Price was above the closing price of the Shares in the open market during the entire Review Period.

Comparison with recent connected subscription transactions

As part of our analyses, we have also identified transactions in relation to the subscription of new shares by connected persons (excluding issues under share award scheme or for emolument and acquisition purposes, the “**Comparables**”) during the Review Period, by companies listed on the Stock Exchange. To the best of our knowledge and as far as we are aware of, we found 18 transactions which met the said criteria. We consider that the Comparables are exhaustive and sufficient to provide a fair and representative general reference of the market practices in relation to subscription of new shares by connected persons conducted by companies listed on the Stock Exchange. However, Shareholders should note that the

LETTER FROM VBG CAPITAL

businesses, operations and prospects of the Company are not the same as the Comparables. Summarised below is our relevant finding:

Company name	Stock code	Date of announcement	Premium/ (discount) of the subscription price over/to closing price per share on the last trading day prior to/on the date of the announcement in relation to the respective subscription %
Pearl Oriental Oil Limited	632	16 April 2019	(83.61)
Chong Kin Group Holdings Limited	1609	15 April 2019	(8.00)
Panda Green Energy Group Limited	686	20 January 2019	(23.08)
Sky Light Holdings Limited	3882	15 January 2019	22.22
Shenwan Hongyuan (H.K.) Limited	218	14 December 2018	29.30
Alibaba Pictures Group Limited	1060	9 December 2018	1.63
Zhuguang Holdings Group Company Limited	1176	26 November 2018	(6.50)
Landsea Green Group Co., Ltd.	106	2 November 2018	0.00
Elife Holdings Limited	223	26 October 2018	6.06
Forebase International Holdings Limited	2310	12 October 2018	3.64
China Zenith Chemical Group Limited	362	5 October 2018	(1.59)
Truly International Holdings Limited	732	31 July 2018	(6.35)
China Putian Food Holding Limited	1699	30 July 2018	(27.10)
Shougang Concord International Enterprises Company Limited	697	24 July 2018	28.87
Sinofortune Financial Holdings Limited	8123	6 July 2018	5.26
CMBC Capital Holdings Limited	1141	3 July 2018	(18.40)
China Grand Pharmaceutical and Healthcare Holdings Limited	512	1 June 2018	(15.90)
China Baofeng (International) Limited	3966	24 May 2018	(13.33)
		Maximum	29.30
		Minimum	(83.61)
		Median	(3.97)
The Subscription		2 May 2019	11.76

Source: the Stock Exchange website (www.hkex.com.hk)

LETTER FROM VBG CAPITAL

As shown by the above table, the subscription prices of the Comparables ranged from discount of approximately 83.61% to premium of approximately 29.30%, with a median discount of approximately 3.97%, to/over the respective closing price of their shares on the last trading day prior to/on the date of the release of the respective subscription announcement. The premium of approximately 11.76% over the closing price of approximately HK\$0.340 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement as represented by the Subscription Price is hence more favourable than the general market practice.

In light of that (i) the Subscription Price is at premiums over the prevailing market prices of the Shares as well as the historical closing prices of the Shares during the entire Review Period; and (ii) as shown by the market comparison above, the Subscription Price is more favourable than the general market practice, we consider that the Subscription Price is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned.

3. Potential dilution effect of the Subscription

A table which demonstrates the possible shareholding structure of the Company immediately upon Completion (assuming that no further Shares have been issued or repurchased before the Completion) is contained under the section headed "Changes in shareholding structure of the Company" in the Letter from the Board.

As demonstrated in the said table, the shareholding of the existing public Shareholders as at the Latest Practicable Date was approximately 42.05%. The Subscription Shares to be subscribed for by the Subscriber represent approximately 66.67% of the total number of issued Shares as at the Latest Practicable Date, and approximately 40.00% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares. On such basis, the shareholding of the existing public Shareholders will be diluted from approximately 42.05% to 25.23% immediately upon Completion, representing a potential dilution of approximately 16.82 percentage point (i.e. 42.05% minus 25.23%).

As referred to in the Letter from the Board, although the allotment and issue of the Subscription Shares will have a dilution effect to the shareholding of the existing Shareholders, having considered (i) the Subscription Price represents a premium over the market price of the Shares as at the date of the Subscription Agreement; (ii) the Subscription Shares, when allotted and issued, will be recognised entirely as equity of the Company which in turn will reduce the gearing ratio, enlarge the capital base for business development and enhance the net asset position of the Company; and (iii) the Company can save the future interest expenses by the Repayment of Bank Loans, the Directors consider that the dilution effect arising from the allotment and issue of the Subscription Shares is justifiable, and we concur with the Directors in this regard.

4. Possible financial effects of the Subscription

Effect on net asset value and gearing

As aforementioned, the Subscription is expected to enlarge the equity of the Group. On the other hand, with reference to the 2018 Annual Report, the gearing ratio of the Group (defined as the ratio of total borrowings less cash and cash equivalents, restricted bank balances and pledged deposits to the total equity) was approximately 21.6x as at 31 December 2018. As the Group's total borrowings would be reduced due to the Repayment of Bank Loans while its equity would be enlarged after the Subscription, it is expected that Subscription would relieve the gearing position of the Group.

Effect on working capital

As mentioned under the sub-section headed "Reasons for the Subscription and proposed use of proceeds" of this letter of advice, the Company intends to apply approximately HK\$156.3 million from the net proceeds of the Subscription as general working capital of the Group.

It should be noted that the above analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon Completion.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Subscription is in the interests of the Company and the Shareholders as a whole although it is not conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder, and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
VBG Capital Limited
Doris Sing
Deputy Managing Director

Ms. Doris Sing is a licensed person and responsible officer of VBG Capital Limited registered with the Securities and Futures Commission to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 14 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS

(a) Interest in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions

(i) Interest in the Shares of the Company

Name of Director	Capacity in which interests are held	Number of Shares held	Approximate percentage of the issued share capital of the Company (%)
Mr. Zhang	Spousal interest (<i>Note 1</i>)	3,579,612,209	57.95
Ms. Huang	Interest of controlled corporation (<i>Note 2</i>)	3,579,612,209	57.95

Notes:

- (1) Mr. Zhang (Chairman, Chief Executive Officer and executive Director of the Company) is the spouse of Ms. Huang, he is deemed to be interested in 3,579,612,209 Shares.

- (2) 3,579,612,209 Shares are directly held by Joy Town Inc., which are ultimately owned by a discretionary trust established by Ms. Huang as settlor and protector and Vistra Trust (Singapore) Pte Limited as trustee. Joy Town Inc. is wholly-owned by Zensun Group Limited. Zensun Group Limited is a wholly-owned subsidiary of Notable Reward Limited, which in turn is wholly-owned by Superior Glory Enterprises Limited and the entire issued share capital of Superior Glory Enterprises Limited became assets of the trust. Superior Glory Enterprises Limited, Notable Reward Pte Limited, Zensun Group Limited and Joy Town Inc. are holding companies of the Company, each of them is an associated corporation of the Company under SFO.

Long positions

- (ii) Interest in ordinary shares of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity in which interests are held	Number of share held	Approximate percentage of the issued share capital (%)
Ms. Huang	Superior Glory Enterprises Limited	Interest of controlled corporation (<i>Note</i>)	1	100
Ms. Huang	Notable Reward Limited	Interest of controlled corporation (<i>Note</i>)	1	100
Ms. Huang	Zensun Group Limited	Interest of controlled corporation (<i>Note</i>)	1	100
Ms. Huang	Joy Town Inc.	Beneficial owner (<i>Note</i>)	1	100

Note: 3,579,612,209 shares are directly held by Joy Town Inc., which are ultimately owned by a discretionary trust established by Ms. Huang as settlor and protector and Vistra Trust (Singapore) Pte Limited as trustee. Joy Town Inc. is wholly-owned by Zensun Group Limited. Zensun Group Limited is a wholly-owned subsidiary of Notable Reward Limited, which in turn is wholly-owned by Superior Glory Enterprises Limited and the entire issued share capital of Superior Glory Enterprises Limited became assets of the trust. Superior Glory Enterprises Limited, Notable Reward Pte Limited, Zensun Group Limited and Joy Town Inc. are holding companies of the Company, each of them is an associated corporation of the Company under SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company or their respective associates had any interest or short position in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required,

pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Interests in assets

Save as disclosed in the paragraph headed “Material Acquisition after 31 December 2018”, as at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which has been, since 31 December 2018, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

(c) Interests in contracts

Save as disclosed in the paragraph headed “Material Acquisition after 31 December 2018”, as at the Latest Practicable Date, no contracts or arrangements were subsisting in which a Director was materially interested and which were significant in relation to the business of the Group.

(d) Interests in competing business

As at the Latest Practicable Date, none of the Directors and his/her close associates was interested in any business, which competed or was likely to compete, either directly or indirectly, with the Group’s businesses except that Mr. Zhang and Ms. Huang are individually and collectively deemed interested in Zensun, Henan Zensun Corporate Development Company Limited* (河南正商企業發展有限責任公司) and/or their subsidiaries and associated companies which are engaged in construction, property development and related business in the PRC.

As the Board is independent of the boards of directors of these companies, the Company has therefore been capable of carrying on its businesses independently of, and at arm’s length from, the above businesses.

(e) Directors’ service contracts

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any member of the Group which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons (other than the Directors and chief executives of

the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholder	Nature of interests	Number of Shares held	Approximate percentage of the issued share capital of the Company (%)
Vistra Trust (Singapore) Pte Limited	Trustee	3,579,612,209	57.95
Superior Glory Enterprises Limited	Interest of controlled corporation (<i>Note 1</i>)	3,579,612,209	57.95
Notable Reward Limited	Interest of controlled corporation (<i>Note 1</i>)	3,579,612,209	57.95
Zensun Group Limited	Interest of controlled corporation (<i>Note 1</i>)	3,579,612,209	57.95
Joy Town Inc.	Beneficial owner (<i>Note 1</i>)	3,579,612,209	57.95
Chan Heng Fai	Beneficial owner (<i>Note 2</i>)	322,580,166	5.22
Chan Yoke Keow	Beneficial owner (<i>Note 2</i>)	322,580,166	5.22

Notes:

- (1) These Shares are owned by Joy Town Inc., which are ultimately owned by a discretionary trust established by Ms. Huang as settlor and protector and Vistra Trust (Singapore) Pte Limited as trustee. Joy Town Inc. is wholly-owned by Zensun Group Limited. Zensun Group Limited is a wholly-owned subsidiary of Notable Reward Limited, which in turn is wholly-owned by Superior Glory Enterprises Limited and the entire issued share capital of Superior Glory Enterprises Limited became assets of the trust. Ms. Huang is the sole director of Joy Town Inc. and Notable Reward Limited and Mr. Zhang is the sole director of Zensun Group Limited.
- (2) These Shares are owned by Chan Heng Fai and Chow Yoke Keow. Chan Heng Fai is the spouse of Chan Yoke Keow, they are deemed interest in the Shares held by each other.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executives of the Company were not aware of any person (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. MATERIAL ACQUISITION AFTER 31 DECEMBER 2018

On 11 January 2019, Henan Xinzhu Real Estate Company Limited* (河南新築置業有限公司), an indirect wholly owned subsidiary of the Company, has been successful in the bidding of land use rights of a piece of land 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 through listings for sale process in the public auction held by Land and Resources Bureau of Zhengzhou City for transfer of state-owned land use rights of the Land Parcel at a consideration of RMB672,600,000.

On 29 January 2019, the Group entered into a share transfer agreement with Henan Huizheng City Construction Company Limited, which is ultimately controlled by Ms. Huang to acquire a land parcel by way of acquisition of the entire equity interest of the company holding the land parcel at a consideration of RMB50,000,000. The acquisition was completed in February 2019.

Save as disclosed above, the Group did not enter into or complete any agreement for material acquisition in which Directors had any direct or indirect interest after 31 December 2018.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statement of the Company were made up.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
VBG Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

VBG Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, VBG Capital did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2018 (being the date to which the latest published audited financial statements of the Group were made up).

As at the Latest Practicable Date, VBG Capital did not have any shareholding in any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. GENERAL

- (a) The registered and principal office of the Company is situated at 24/F., Wyndham Place, 40–44 Wyndham Street, Central, Hong Kong.
- (b) The share registrar of the Company is Tricor Friendly Limited, which is situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The joint secretaries of the Company are Mr. Kwok Pak Shing, who is a member of Hong Kong Institute of Certified Public Accountants and Mr. Yuen Ping Man, who is a fellow member of the Institute of Chartered Secretaries and Administrators (U.K.) and of the Hong Kong Institute of Chartered Secretaries.
- (d) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text in case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (save for Saturdays and public holidays) at the principal place of business of the Company in Hong Kong, from the date of this circular, up to and including the date of the EGM.

- (i) the Subscription Agreement;
- (ii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 14 to 15 of this circular;
- (iii) the letter from VBG Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 16 to 28 of this circular; and
- (iv) the letters of consent referred to under the section headed “Expert and Consent” in this appendix.



ZH INTERNATIONAL HOLDINGS LIMITED

正恒國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of ZH International Holdings Limited (the “**Company**”) will be held at 1804, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Wednesday, 12 June 2019 at 10:10 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at 10:00 a.m. on the same day, whichever is later) for considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary or special resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT:**
 - (a) the subscription agreement dated 2 May 2019 entered into between the Company as issuer and Joy Town Inc. as subscriber in respect of the subscription of 4,117,879,979 shares of the Company (a copy of which has been produced to this meeting marked “A” and initialed by the chairman of this meeting for the purpose of identification) (the “**Subscription Agreement**”) and the transactions contemplated thereunder (the “**Subscription**”), be and are hereby approved, confirmed and ratified;
 - (b) the directors of the Company (the “**Directors**”) be and are hereby authorised to sign and execute such documents and do all such acts and things which in their opinion may be necessary, desirable or expedient to carry out or give effect to transactions mentioned in paragraph 1(a) above;
 - (c) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting permission to deal in the Subscription Shares (as defined in the Subscription Agreement) to be allotted and issued pursuant to the terms and conditions of the Subscription Agreement, the Directors be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot and issue 4,117,879,979 ordinary shares in the share capital of the Company, provided that the Specific Mandate shall be in addition to and shall not prejudice nor revoke the existing general mandate granted to the Directors by the shareholders of the Company in the annual general

NOTICE OF EXTRAORDINARY GENERAL MEETING

meeting of the Company held on 12 June 2018 and the general mandate contained in ordinary resolution 4 of the annual general meeting; and

- (d) the Directors be and are hereby authorised to sign and execute such documents and do all such acts and things which in their opinion may be necessary, desirable or expedient to carry out or give effect to transactions mentioned in paragraph 1(c) above.”

SPECIAL RESOLUTION

2. “**THAT** subject to and conditional upon the approval of the Companies Registry in Hong Kong by way of issuing a certificate of change of name, the English name of the Company be changed from “ZH International Holdings Limited” to “Zensun Enterprises Limited” and the Chinese name of the Company from 「正恒國際控股有限公司」 to 「正商實業有限公司」 with effect from the date of the certificate of change of name issued by the Companies Registry in Hong Kong, and that any one director or the company secretary of the Company be and is hereby authorised to do all such acts and things and execute all such documents and make all such arrangements as she/he considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the change of company name and to attend to any necessary registration and/or filing for and on behalf of the Company.”

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

Hong Kong, 23 May 2019

Registered office:

24th Floor
Wyndham Place
40–44 Wyndham Street
Central
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. To be valid, the instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Friendly Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting (i.e. not later than Monday, 10 June 2019 at 10:10 a.m.) or any adjournment thereof.
4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at the Meeting or any adjournment thereof in cases where the Meeting was originally held within 12 months from such date.
5. Where there are joint holders of any shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.
7. The transfer books and register of members of the Company will be closed from Thursday, 6 June 2019 to Wednesday, 12 June 2019, both days inclusive. During such period, no share transfers will be effected. In order to qualify for attending the Meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Friendly Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 5 June 2019.
8. All the resolution set out in this notice will be decided by poll.
9. A form of proxy for use at the Meeting is enclosed.
10. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 8:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the website of Company at <http://www.zhsuccess.com> and on the HKEx news website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled Meeting.
11. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the Board comprises two executive Directors, namely, Mr. Zhang Jingguo and Mr. Zhang Guoqiang; one non-executive Director, namely, Ms. Huang Yanping; and three independent non-executive Directors, namely, Dr. Liu Qiao, Mr. Liu Da and Mr. Ma Yuntao.