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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 HUBEI PROVINCE, THE PRC

ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that on 1 September 2018, Wuhan Land Resources and Planning Bureau* (武漢市國土資源和規劃局) has announced in its website confirming that Henan Xianghu, an indirect wholly-owned subsidiary of the Company, was successful in its bid for the land use rights of the Land Parcel through listing for sale process in the Auction held on 30 August 2018 by Wuhan Land Resources and Planning Bureau for transfer of state-owned land use rights at a consideration of RMB656,440,000.

The Land Parcel is located at the west of the intersection of Chenggong Avenue and Maoxing Road, Caidian Street* (蔡甸街成功大道與茂興路交匯處以西), Caidian District, Wuhan City, Hubei Province, the PRC. The Land Parcel has a total site area of 46,888 sq.m. and permitted plot ratio of not higher than 3.5. The Land Parcel is designated for residential use with the term for 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 21 September 2018.

ACQUISITION OF LAND USE RIGHTS

The board (“**Board**”) of directors (“**Directors**”) of ZH International Holdings Limited (“**Company**”) is pleased to announce that on 1 September 2018, Wuhan Land Resources and Planning Bureau* (武漢市國土資源和規劃局) has announced in its website confirming that Henan Xianghu Real Estate Company Limited* (河南象湖置業有限公司) (“**Henan Xianghu**”), an indirect wholly-owned subsidiary of the Company, was successful in its bid for the land use rights of a land parcel with code no. P(2018)-62# (“**Land Parcel**”) located in Caidian District, Wuhan City, Hubei Province, the People’s Republic of China (the “**PRC**”) through listing for sale process (the “**Acquisition**”) in the public auction (“**Auction**”) held on 30 August 2018 by Wuhan Land Resources and Planning Bureau for transfer of state-owned land use rights at a consideration of RMB656,440,000 for the Land Parcel. The consideration of the Acquisition was determined based on the Auction documents issued by Wuhan Land Resources and Planning Bureau. The Group will finance the Acquisition and the development of the Land Parcel with internal resources.

The Land Parcel is located at the west of the intersection of Chenggong Avenue and Maoxing Road, Caidian Street* (蔡甸街成功大道與茂興路交匯處以西), Caidian District, Wuhan City, Hubei Province, the PRC. The Land Parcel has a total site area of 46,888 sq.m. and permitted plot ratio of not higher than 3.5. The Land Parcel is designated for residential use with the term for 70 years.

A sum of RMB410,300,000 for the Land Parcel has been paid as the security deposit for the Auction. Pursuant to the procedures under the listing for sale process in the Auction, within five working days following the successful bid, Henan Xianghu shall submit qualification documents to Wuhan Land Resources and Planning Bureau for verification. Upon completion of the verification process, Wuhan Land Resource and Planning Bureau will issue a confirmation notice (“**Confirmation Notice**”) in respect of the Land Parcel to Henan Xianghu. Upon issuance of Confirmation Notice, the land use rights grant contract in relation to the Acquisition will be entered between Henan Xianghu and Wuhan Land Resources and Planning Bureau on or before the date determined by Wuhan Land Resources and Planning Bureau.

INFORMATION ON PARTIES TO THE ACQUISITION

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

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

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in property development, property investment and management, hotel operations and securities trading and investment. The Board believes that the Acquisition complements the Group’s strategy in expanding its development in Henan Province and other first and second tier cities in the PRC.

The Directors further consider that the Acquisition is a transaction of revenue nature is carried out in the ordinary and usual course of business and is on normal commercial terms, which is fair and reasonable and in the interests of the Company and its shareholders (the “**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 21 September 2018.

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

Hong Kong, 2 September 2018

As at the date of this announcement, the executive Directors are Mr. Zhang Jingguo and Mr. Zhang Guoqiang; the non-executive Director is Ms. Huang Yanping and the independent non-executive Directors are Mr. Liu Da, Dr. Liu Qiao and Mr. Ma Yuntao.

** For identification purpose only.*