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## **ZH INTERNATIONAL HOLDINGS LIMITED**

**正恒國際控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 185)

### **DISCLOSEABLE TRANSACTION**

The Board is pleased to announce that on 23 May 2016, the Company and the Vendors entered into the Share Purchase Agreement with the Purchaser whereby the Vendors have agreed to sell and the Purchaser has agreed to purchase the Sale Shares for cash consideration of CAD1,485,857.84.

As the applicable percentage calculated according to Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Share Purchase Agreement and the transaction contemplated thereunder constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **THE SHARE PURCHASE AGREEMENT**

**Date**

23 May 2016

**Parties:**

- (1) The Purchaser: Ernest W. Moody Revocable Trust. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners (if any) are Independent Third Parties.

(2) The Vendors: HFC, XCL and HRX, where HFC and XCL are wholly-owned subsidiaries of the Company, and HRX is approximately 81.84% owned by the Company.

(3) The Company

**Assets to be disposed of:**

Pursuant to the Share Purchase Agreement, the Vendors have agreed to sell and the Purchaser has agreed to purchase the Sale Shares. The Sale Shares represent the entire equity interest held by the Vendors in RSI as at the date of the Share Purchase Agreement. As at the date of this announcement, the Vendors, being subsidiaries of the Company, hold an aggregate of 8,031,664 RSI Shares, representing approximately 25% of the entire equity interest of RSI, and accordingly, RSI is an associate of the Company.

**Consideration:**

The Consideration for the Disposal is CAD1,485,857.84 (approximately HK\$8,841,000) and is payable by the Purchaser to the Vendors upon execution of the Share Purchase Agreement and the Purchaser shall deposit the Consideration with the closing agent who will hold the Consideration in escrow for the Vendors until the Completion Date.

The Consideration for the Disposal was determined after arm's length negotiation between the parties to the Share Purchase Agreement with reference to the recent trading performance of the RSI Shares. The selling price of CAD0.185 per RSI Share represents (a) a premium of approximately 15.6% to the closing price of CAD0.16 as quoted on the TSX Venture Exchange on 12 May 2016, being the most recent trading day preceding the date of the Share Purchase Agreement on which RSI Shares have been transacted; and (b) a premium of approximately 8.8% to the average closing price of CAD0.17 per RSI Share as quoted on the TSX Venture Exchange for the last five trading days preceding the date of the Share Purchase Agreement on which RSI Shares have been transacted.

**Completion:**

Completion of the Disposal shall take place on the Completion Date.

## **INFORMATION OF RSI**

RSI is a corporation formed pursuant to the laws of the Province of British Columbia whose common shares are listed on the TSX Venture Exchange of Canada. RSI and its subsidiaries are principally engaged in the business of providing an integrated web-based real-time reservation and property management system to the hotel and resort industries.

Set out below is the audited consolidated financial information of RSI for the two years ended 31 December 2015 prepared in accordance with the International Financial Reporting Standards:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	<b>2014</b>
	<b>(CAD'000)</b>	<b>(CAD'000)</b>
Turnover	4,492	3,327
Loss before taxation	208	1,053
Loss after taxation	208	1,053

The audited consolidated net assets of RSI as at 31 December 2015 amounted to approximately CAD1,093,000.

## **INFORMATION OF THE GROUP AND THE PURCHASER**

### **The Group**

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

### **The Purchaser**

The Purchaser is a trust established in the city of Las Vegas, the state of Nevada, the United States of America and is principally engaged in investment holdings. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners (if any) are Independent Third Parties.

## **FINANCIAL EFFECT OF THE DISPOSAL**

After completion of the Disposal, RSI will cease to be an associate of the Company and the Company will cease to hold any equity interest in RSI.

The Group has made full impairment of interests in RSI as at 31 December 2015 and the Company expects to realize from the Disposal a net gain before tax of approximately HK\$8.7 million, representing the excess of the Consideration received less professional fees and other related expenses paid.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

As mentioned in the 2015 annual report of the Group, the Group will, among other things, continue to streamline the corporate structure and divest non-core non-performing businesses. The Disposal provides good opportunity for the Group to divest its non-core investment and recover the cash investment and generate higher returns for the Group in the future.

The Board considers that the terms and conditions of the Share Purchase Agreement including the Consideration have been arrived at after arm's length negotiation between the Vendors and the Purchaser and the Disposal on the basis of the terms and conditions set out in the Share Purchase Agreement is being entered into on normal commercial terms which are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS FROM THE DISPOSAL**

Proceeds from the Disposal will be applied as working capital of the Group.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage calculated according to Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Share Purchase Agreement and the transaction contemplated thereunder constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	: the board of Directors
“Company”	: ZH International Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on Main Board of the Stock Exchange
“Completion Date”	: on or before 30 June 2016 or such other later date as may be agreed between the parties in writing
"Consideration"	: CAD1,485,857.84 (approximately HK\$8,841,000) being the cash consideration payable by the Purchaser to the Vendors under the Share Purchase Agreement
“Director(s)”	: the director(s) of the Company
“Disposal”	the sale of the Sale Shares by the Vendors to the Purchaser under the Sale Purchase Agreement
“Group”	: the Company and its subsidiaries from time to time
“HFC”	: Heng Fung Capital Company Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Hong Kong”	: the Hong Kong Special Administrative Region of the People’s Republic of China
“HRX”	: Hotel Room Xpress Pte. Ltd., a company incorporated in Singapore with limited liability and an indirect subsidiary of the Company, which is owned as to approximately 81.84% by the Company
"Independent Third Party(ies)"	: Third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	: Rules Governing the Listing of Securities on the Stock Exchange
"Purchaser"	: Ernest W. Moody Revocable Trust, a trust established in the city of Las Vegas, the state of Nevada, the United States of America

“RSI”	: RSI International Systems Inc., a corporation formed pursuant to the laws of the Province of British Columbia whose common shares are listed on the TSX Venture Exchange of Canada, which is owned as to approximately 25% by the Vendors
“RSI Share(s)”	: common share(s) in the share capital of RSI
“Sale Shares”	: an aggregate of 8,031,664 RSI Shares (representing approximately 25% equity interest in RSI) which are owned as to 7,183,332 RSI Shares by HRX, 690,833 RSI Shares by XCL and 157,499 RSI Shares by HFC
“Share Purchase Agreement”	: the share purchase agreement date 23 May 2016 entered into between the Company, the Vendors and the Purchaser in relation to the Disposal
“Shareholder(s)”	: shareholder(s) of the Company
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“Vendors”	: HFC, HRX and XCL
“XCL”	Xpress Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“CAD”	: Canadian dollar(s), the lawful currency of Canada
“HK\$”	: Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	: per cent.

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

Hong Kong, 23 May, 2016

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