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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)

### **VERY SUBSTANTIAL ACQUISITION TRANSACTION ACQUISITION OF LAND USE RIGHTS IN HENAN, THE PRC AND FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER**

#### **ACQUISITION OF LAND USE RIGHTS**

The Board is pleased to announce that on 22 January 2017, Henan Xinming, an indirect wholly-owned subsidiary of the Company, made a successful bid for the land use right of the Land Parcel in a listing for sale process in the Auction held by Land and Resources Bureau of Zhengzhou City\* (鄭州市國土資源局) for transfer of state-owned land use right for RMB2,205,000,000. The Land Parcel is located at the junction of north of Chaoyang Road\* (朝陽路以北) and east of Zhongyi Road\* (眾意路以東) of Zhengzhou City, Henan Province, the PRC with a site area of 62,286.39 sq.m. and a permitted plot ratio between 1.0 and 1.5. The Land Parcel is designated for residential usage with the term for 70 years.

#### **FINANCIAL ASSISTANCE**

The Board further announces that on 22 January 2017, Zensun entered into a loan agreement with Henan Xinming to provide Financial Assistance to Henan Xinming in the amount of RMB2,205,000,000 for a duration of two years.

#### **LISTING RULES IMPLICATIONS**

As at least one of the applicable percentage ratio calculated in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition transaction of the Company under Chapter 14 of 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 14 February 2017.

## **ACQUISITION OF LAND USE RIGHTS**

The board (“**Board**”) of directors (“**Directors**”) of ZH International Holdings Limited (“**Company**”) is pleased to announce that on 22 January 2017, Henan Zensun Xinming Real Estate Company Limited\* (河南正商新銘置業有限公司) (“**Henan Xinming**”), an indirect wholly-owned subsidiary of the Company, made a successful bid for the land use right of a land parcel No. (2016) 16 in Zhengzhou City, Henan Province, the People's Republic of China (the “**PRC**”) (“**Land Parcel**”) in a listing for sale process (the “**Acquisition**”) in the public auction (“**Auction**”) held by Land and Resources Bureau of Zhengzhou City\* (鄭州市國土資源局) for transfer of state-owned land use right for RMB2,205,000,000 (“**Consideration**”). The Land Parcel is located at the junction of north of Chaoyang Road\* (朝陽路以北) and east of Zhongyi Road\* (眾意路以東) of Zhengzhou City, Henan Province, the PRC with a site area of 62,286.39 sq.m. and a permitted plot ratio between 1.0 and 1.5. The Land Parcel is designated for residential usage with the term for 70 years.

Pursuant to the procedures under the listing for sale process in the Auction, confirmation letter of land transaction by Auction will be issued by Land and Resources Bureau of Zhengzhou City within two days after the announcement of the successful bid. A sum of RMB1,470,000,000 has been paid as the security deposit for the Auction. The details of the payment terms of the Consideration will be set out in the land use rights grant contract to be entered between Henan Xinming and Land and Resources Bureau of Zhengzhou City in respect of the Land Parcel.

## **REASON FOR AND BENEFITS OF THE ACQUISITION**

The Company and its subsidiaries (“**Group**”) are principally engaged in property development, property investment and trading, 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, 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 are fair and reasonable and in the interests of the Company and its shareholders (“**Shareholders**”) as a whole.

The Company will continue to seek viable business opportunities in accordance with its overall strategy. The Company will make use of the Group’s financial, human and technological resources to enhance its portfolio, asset base and brand image.

## **FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER**

On 22 January 2017, Zensun Real Estate Co., Ltd\* (河南正商置業有限公司) (“**Zensun**”), a company ultimately controlled by Ms. Huang Yanping who is a Director and the controlling shareholder of the Company, entered into a loan agreement (“**Loan Agreement**”) with Henan Xinming pursuant to which Zensun has agreed to provide, upon Henan

Xinming's request, unsecured loan(s) of RMB2,205,000,000 for a duration of two years from the date of the Loan Agreement (“**Financial Assistance**”). Such loan(s) will be available for drawdown by Henan Xinming in accordance with actual needs within two years from the date of the Loan Agreement at an interest rate no more than 4% per annum on the loan(s) actually drawdown. The proceeds from the Financial Assistance will be used to finance the Acquisition and the development of the Land Parcel.

As Ms. Huang Yanping is a Director and the controlling shareholder of the Company, the Financial Assistance will constitute a connected transaction in the form of financial assistance from Zensun in favour of Henan Xinming. However, as the Financial Assistance is not secured by any assets of the Group, and as the Directors consider that the Financial Assistance is on normal commercial terms or better, the Financial Assistance is fully-exempted from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Rules Governing Listing of the Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

### **LISTING RULES IMPLICATIONS**

As at least one of the applicable percentage ratio calculated in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition transaction of the Company under Chapter 14 of the Listing Rules. Since the Acquisition (i) involves an acquisition of governmental land in the PRC from a PRC Governmental Body (as defined under Listing Rules) through an auction governed by PRC Law; and (ii) is undertaken on a sole basis by the Group (being a “qualified issuer” as defined under Rule 14.04(10B) of the Listing Rules) 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 14 February 2017.

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

Hong Kong, 22 January 2017

*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 Mr. Liu Da, Dr. Liu Qiao and Mr. Ma Yuntao.*

*\* For identification purpose only.*