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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 ZHENGZHOU, HENAN PROVINCE, THE PRC AND FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER**

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

The Board is pleased to announce that on 5 July 2017, Henan Xinghan\*, an indirect wholly-owned subsidiary of the Company, made a successful bid for land use rights of the Land Parcel through listing for sale process in the Auction held by Land and Resources Bureau of Zhengzhou City\* (鄭州市國土資源局) for transfer of state-owned land use rights at consideration of RMB2,205,000,000.

The Land Parcel is located at north of Chaoyang Road and east of Zhongyi Road, Longhu District\* (龍湖區域朝陽路以北、衆意路以東), 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 of 70 years.

#### **FINANCIAL ASSISTANCE**

The Board further announces that on 5 July 2017, Zensun entered into a loan agreement with Henan Xinghan to provide Financial Assistance to Henan Xinghan in the amount of RMB2,205,000,000 for the Land Parcel for a duration of two years.

#### **LISTING RULES IMPLICATIONS**

As 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 26 July 2017.

## ACQUISITION OF LAND USE RIGHTS

The board (“**Board**”) of directors (“**Directors**”) of ZH International Holdings Limited (“**Company**”) is pleased to announce that on 5 July 2017, Henan Xinghan Zensun Real Estate Company Limited\* (河南興漢正商置業有限公司) (“**Henan Xinghan**”), an indirect wholly-owned subsidiary of the Company, made a successful bid for land use rights of a land parcel, under land code no. 鄭政東出(2017) - 6 in Zhengzhou City, Henan Province, the People's Republic of China (the “**PRC**”) (“**Land Parcel**”) through listing for sale process (“**Acquisition**”) in the public auction (“**Auction**”) held by Land and Resources Bureau of Zhengzhou City\* (鄭州市國土資源局) for transfer of state-owned land use rights at consideration of RMB2,205,000,000.

The Land Parcel is located at north of Chaoyang Road and east of Zhongyi Road, Longhu District\* (龍湖區域朝陽路以北、衆意路以東), 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 of 70 years.

A sum of RMB1,470,000,000 for the Land Parcel has been paid as the security deposit for the Auction. Within two working days following the successful bid, Henan Xinghan shall submit qualification documents to Land and Resources Bureau of Zhengzhou City for verification. Upon completion of the verification process, Land and Resource Bureau of Zhengzhou City will issue a confirmation notice (“**Confirmation Notice**”) in respect of the Land Parcel to Henan Xinghan. Pursuant to the procedures under the listing for sale process in the Auction, land use rights grant contract is required to be entered between Henan Xinghan with Land and Resources Bureau of Zhengzhou City within 10 working days from the date of the Confirmation Notice. The details of the payment terms of the consideration of the Acquisition will be set out in the land use rights grant contract to be entered between Henan Xinghan 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 management, hotel operations and securities trading and investment. The Board believes that the Acquisitions 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 (“**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 5 July 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 Xinghan pursuant to which Zensun has agreed to provide, upon Henan Xinghan's request, unsecured loan(s) of RMB2,205,000,000 for the Land Parcel, for a duration of two years from the date of the Loan Agreement (“**Financial Assistance**”), with discretionary rights on Zensun to demand immediate repayment. Such loan(s) will be available for drawdown by Henan Xinghan in accordance with actual needs within two years from the date of the Loan Agreement at an interest rate of 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 Xinghan. 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 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 26 July 2017.

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

Hong Kong, 5 July 2017

*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.*