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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 ACQUISITIONS OF LAND USE RIGHTS IN HENAN PROVINCE, THE PRC AND FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER**

#### **ACQUISITIONS OF LAND USE RIGHTS**

Reference is made to the announcement of the Company dated 10 April 2018 in relation to the acquisitions of the land use rights of two land parcels from Land and Resources Bureau of Zhengzhou City\* (鄭州市國土資源局) in Huiji District, Zhengzhou City, namely, Land Parcel I at a consideration RMB 635,420,000 and Land Parcel II at a consideration of RMB 458,650,000 respectively.

The Board is pleased to announce that on 12 April 2018, Henan Huafu, an indirect wholly-owned subsidiary of the Company, further made another successful bid for the land use rights of a land parcel in Huiji District, Zhengzhou City, namely, Land Parcel III through listing for sale process in the Auction held by Land and Resources Bureau of Zhengzhou City for transfer of state-owned land use rights at a consideration of RMB610,070,000.

Land Parcel III is located at east of Yule Road, south of Xingyun Road, Huiji District\* (惠濟區娛樂路東、幸運路南), Zhengzhou City, Henan Province, the PRC with a total site area of 84,309.66 sq.m. and permitted plot ratio between 1.0 and 2.5. Land Parcel III is designated for residential usage with the term of 70 years.

#### **FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER**

On 10 April 2018, Zensun entered into two loan agreements with Henan Huafu to provide Financial Assistance to Henan Huafu in the amount of RMB635,420,000 for Land Parcel I and RMB458,650,000 for Land Parcel II respectively.

The Board further announces that on 12 April 2018, Zensun further entered into another loan agreement with Henan Huafu to provide Financial Assistance to Henan Huafu in the amount of RMB610,070,000 for Land Parcel III.

## **LISTING RULES IMPLICATIONS**

Taking into consideration the fact that the locations of Land Parcel I, Land Parcel II and Land Parcel III are adjacent to each other in Huiji District, Zhengzhou City, the Board took the liberty to aggregate the First Acquisition of Land Parcel I, the Second Acquisition of Land Parcel II and the Third Acquisition of Land Parcel III. As one of the applicable percentage ratios calculated in respect of Acquisitions under Rule 14.07 of the Listing Rules exceed 100%, the Acquisitions constitute a very substantial acquisition transaction for the Company under the Listing Rules. Since each of the Acquisitions (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, each of the Acquisitions is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, each of the Acquisitions 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 Acquisitions and such other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 2 May 2018.

## **ACQUISITIONS OF LAND USE RIGHTS**

Reference is made to the announcement of ZH International Holdings Limited (the "**Company**") dated 10 April 2018 in relation to the acquisitions of the land use rights of two land parcels in Huiji District, Zhengzhou City, of which (i) with code no. 鄭政出 [2018] 45# ("**Land Parcel I**"), located at south of Xincheng Road, east of Xinxi Street\* (新城路南、新西街東) with a total site area of 79,585.58 sq.m. and permitted plot ratio between 1.0 and 3.3, at a consideration of RMB 635,420,000 ("**First Acquisition**") and; (ii) with code no. 鄭政出 [2018] 46# ("**Land Parcel II**"), located at south of Xingyun Road, east of Xinxi Street\* (幸運路南、新西街東) with a total site area of 63,391.95 sq.m and permitted plot ratio between 1.0 and 2.5, at a consideration of RMB 458,650,000 ("**Second Acquisition**"). For details of the First Acquisition and the Second Acquisition, please refer to the announcement of the Company dated 10 April 2018.

The board ("**Board**") of directors ("**Directors**") of the Company is pleased to announce that on 12 April 2018, Henan Zensun Huafu Real Estate Company Limited\* (河南正商華府置業有限公司) ("**Henan Huafu**"), an indirect wholly-owned subsidiary of the Company, further made another successful bid for the land use rights of a land parcel with code no. 鄭政出 [2018] 50# ("**Land Parcel III**") located in Huiji District, Zhengzhou City, Henan Province, the People's Republic of China (the "**PRC**") through listing for sale process ("**Third 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 a consideration of RMB610,070,000 for Land Parcel III. The First Acquisition, the Second Acquisition and the Third Acquisition collectively are referred to as the "**Acquisitions**". The consideration of the Third Acquisition was determined based on the Auction documents issued by Land and Resources Bureau of Zhengzhou City.

Land Parcel III is located at east of Yule Road, south of Xingyun Road, Huiji District\* (惠濟區娛樂路東、幸運路南), Zhengzhou City, Henan Province, the PRC with a total site area of 84,309.66 sq.m. and permitted plot ratio between 1.0 and 2.5. Land Parcel III is

designated for residential usage with the term of 70 years.

A sum of RMB305,050,000 for Land Parcel III has been paid as the security deposit for the Auction. Pursuant to the procedures under the listing for sale process in the Auction, within two working days following the successful bid, Henan Huafu shall submit qualification documents to Land and Resources Bureau of Zhengzhou City for verification. Upon completion of the verification process, Land and Resources Bureau of Zhengzhou City will issue a confirmation notice (“**Confirmation Notice**”) in respect of the Land Parcel III to Henan Huafu. The land use rights grant contract in relation to the Third Acquisition is expected to be entered between Henan Huafu and Land and Resources Bureau of Zhengzhou City within ten working days from the date of the Confirmation Notice.

## **INFORMATION ON PARTIES TO THE ACQUISITIONS**

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

Land and Resources Bureau of Zhengzhou City, being the seller of Land Parcel I and Land Parcel II and Land Parcel III, 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 Zhengzhou City, Henan 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, Land and Resources Bureau of Zhengzhou City and its beneficial owner are third parties independent of the Group and its connected persons.

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

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 Acquisitions complement 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 Acquisitions are transactions of revenue nature are carried out in the ordinary and usual course of business and are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its 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 10 April 2018, 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 two loan agreements with Henan Huafu to provide

Financial Assistance to Henan Huafu in the amount of RMB635,420,000 for Land Parcel I and RMB458,650,000 for Land Parcel II respectively.

On 12 April 2018, Zensun further entered into a loan agreement (“**Loan Agreement**”) with Henan Huafu pursuant to which Zensun has agreed to provide, upon Henan Huafu’s request, unsecured loan(s) of RMB610,070,000 for Land Parcel III (“**Financial Assistance**”), with discretionary right on Zensun to demand immediate repayment. Such loan(s) will be available for drawdown by Henan Huafu in accordance with actual needs 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 Third Acquisition and the development of the Land Parcel III.

As Ms. Huang Yanping is a Director and the controlling shareholder of the Company, the Financing Assistance will constitute a connected transaction in the form of financial assistance from Zensun in favour of Henan Huafu. 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 (the “**Listing Rules**”).

## **LISTING RULES IMPLICATIONS**

Taking into consideration the fact that the locations of Land Parcel I, Land Parcel II and Land Parcel III are adjacent to each other in Huiji District, Zhengzhou City, the Board took the liberty to aggregate the First Acquisition of Land Parcel I, the Second Acquisition of Land Parcel II and the Third Acquisition of Land Parcel III. As one of the applicable percentage ratios calculated in respect of the Acquisitions under Rule 14.07 of the Listing Rules exceed 100%, the Acquisitions constitute a very substantial acquisition transaction for the Company under the Listing Rules. Since each of the Acquisitions (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, each of the Acquisitions is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, each of the Acquisitions 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 Acquisitions and such other information as required under the Listing Rules, are expected to be despatched to the Shareholders on or before 2 May 2018.

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

Hong Kong, 12 April 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.*