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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)**

**PROPOSED ISSUANCE OF US\$100,000,000 8.0% BONDS DUE 2020**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board is pleased to announce that on 22 January 2019, the Company entered into the Subscription Agreement with Ever Diamond as the guarantor, Yuanyin Securities as the placing agent and the Investor in connection with the issue and sale of the Bonds.

The Company intends to use the net proceeds from the Bonds Issue for general corporate purposes.

**As the Conditions Precedent may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events, Shareholders and prospective investors of the Company are urged to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO. The Board is pleased to announce that on 22 January 2019, the Company entered into the Subscription Agreement with Ever Diamond as the guarantor, Yuanyin Securities as the placing agent and the Investor in connection with the issue and sale of the Bonds.

### **1. The Subscription Agreement**

<b>Date</b>	22 January 2019
<b>Parties</b>	(1) the Company;  (2) Ever Diamond, as the guarantor in relation to the Bonds;  (3) Yuanyin Securities, as the placing agent in relation to the Bonds; and  (4) the Investor.

To the best of the Directors' knowledge, information and belief, each of Yuanyin Securities and the Investor is an Independent Third Party.

Ever Diamond is wholly owned by the controlling shareholder of the Company and therefore a connected person of the Company. The Guarantee to be provided by Ever Diamond would be a form of financial assistance to the Company, and accordingly, constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the Guarantee would be provided for the benefit of the Company on normal commercial terms or better and no security over the assets of the Group is granted in respect of the Guarantee, the Guarantee would therefore be exempted from the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

The Bonds have not been, and will not be, registered under the U.S. Securities Act. The Bonds will only be offered outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act.

### **2. Use of net proceeds**

The Company intends to use the net proceeds from the Bonds Issue for general corporate purposes.

The Bonds Issue will not result in any dilution effect on the shareholding of the existing Shareholders. The Directors are of the view that the issuance of Bonds provides a good opportunity to strengthen the Company's financial position and the terms of the Bonds are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### 3. Principal terms of the Bonds

<b>Issuer:</b>	The Company.
<b>Offering type:</b>	The Bonds will be offered outside the United States in reliance on Regulation S under the U.S. Securities Act.
<b>Status of the Bonds:</b>	The Bonds will constitute direct, general, unconditional and unsubordinated (subject to the Conditions) obligations of the Company which: (i) rank <i>pari passu</i> among themselves; and (ii) will at all times rank at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Company, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
<b>Status of the Guarantee:</b>	The Guarantee would constitute direct, general, unconditional and unsubordinated obligations of Ever Diamond which would: (i) rank <i>pari passu</i> among themselves; and (ii) at all times rank at least <i>pari passu</i> with all other present and future unsubordinated obligations of Ever Diamond, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
<b>Principal amount:</b>	US\$100,000,000.
<b>Form and denominations:</b>	The Bonds will be issued in registered form in the specified denomination of US\$100,000 each and integral multiples of US\$1,000 in excess thereof.
<b>Issue price:</b>	100% of the principal amount of the Bonds.
<b>Interest:</b>	The Bonds will bear interest to be accrued on a daily basis from and including the issue date of the Bonds at the rate of 8.0% per annum.
<b>Transferability:</b>	The Bonds may be transferred subject to the Conditions.
<b>Events of default:</b>	<p>The events of default as provided for in the Conditions include, among others, default in payment of principal or interest on the Bonds after the due date for such payment, default in the performance of certain obligations under the Bonds that is incapable of remedy or not remedied within 10 business days after a request to remedy the same has been made by the holder of the Bonds and certain events of change of control, cross-default, unsatisfied judgment, insolvency and winding-up as provided for in the Conditions.</p> <p>Following the occurrence of any such events, the holder of the Bonds may give notice to the Company that the Bonds are</p>

immediately due and repayable at their principal amount (or if the event of default was a change of control, at a redemption price of 101% of the principal amount) together with any accrued and unpaid interest and/or the holder of the Bonds may take any action, exercise any other right or pursue any other remedy conferred upon the holder of the Bonds.

**Redemptions:** The Bonds may be redeemed at any time before the Maturity Date by mutual agreement between the Company and the Bondholder.

Unless previously redeemed in accordance with the Conditions, the Bonds shall be redeemed at 100% of their principal amount plus accrued but unpaid interest on the Maturity Date.

**Maturity Date:** 22 January 2020

**Listing:** No application will be made for a listing of the Bonds on any stock exchange.

**Expected issue date:** The Bonds are expected to be issued on 25 January 2019, or such later date as the Company, Ever Diamond and the Investor may agree.

**Governing law:** Hong Kong law.

**As the Conditions Precedent may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events, Shareholders and prospective investors of the Company are urged to exercise caution when dealing in the securities of the Company.**

#### **4. Definitions**

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

**“Board”** the board of directors of the Company

**“Bond(s)”** the unlisted bonds in an aggregate principal amount of US\$100,000,000 to be issued by the Company pursuant to the Subscription Agreement

**“Bonds Issue”** the issuance of the Bonds by the Company

**“Company”** ZH International Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 185)

**“Conditions”** the terms and conditions of the Bonds

<b>“Conditions Precedent”</b>	the conditions precedent to the Bonds Issue
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Directors”</b>	the directors of the Company
<b>“Ever Diamond”</b>	Ever Diamond Global Company Limited, a company incorporated in Hong Kong and wholly owned by Ms. Huang
<b>“Group”</b>	the Company and its subsidiaries
<b>“Guarantee”</b>	the deed of guarantee to be executed by Ever Diamond in respect of the continuing guarantee over all sums payable by the Company to the holder of the Bonds under the Conditions
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Independent Third Party(ies)”</b>	parties independent of the Company and its connected persons
<b>“Investor”</b>	subscriber of the Bonds pursuant to the Subscription Agreement
<b>“Listing Rules”</b>	The Rules Governing the Listing of Securities on the Stock Exchange
<b>“Maturity Date”</b>	22 January 2020
<b>“Ms. Huang”</b>	Ms. Huang Yanping, a controlling shareholder of the Company and a Director
<b>“PRC”</b>	the People’s Republic of China, which for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
<b>“SFO”</b>	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>“Shareholder(s)”</b>	the shareholder(s) of the Company
<b>“Shares”</b>	the ordinary shares in the share capital of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Subscription Agreement”</b>	the subscription agreement dated 22 January 2019 entered into among the Company, Ever Diamond as the guarantor, Yuanyin

	Securities as the placing agent and the Investor
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“Yuanyin Securities”	Yuanyin Securities Limited
“%”	per cent.

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

Hong Kong, 22 January 2019

*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.*