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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)

### **CONNECTED TRANSACTION ACQUISITION OF LAND BY WAY OF ACQUISITION OF EQUITY INTEREST OF THE TARGET COMPANY**

#### **THE ACQUISITION**

The Board is pleased to announce that on 29 January 2019 (after trading hours), Henan Xinghan, an indirect wholly-owned subsidiary of the Company, and Henan Huizheng entered into the Agreement, pursuant to which and subject to the relevant terms and conditions, Henan Xinghan has agreed to acquire, and Henan Huizheng has agreed to sell, the entire equity interest of the Target Company at a consideration of RMB50,000,000.

The Target Company is holding the land use rights of the Land Parcel. Upon completion of the Acquisition, Henan Xinghan will acquire the land use rights of the Land Parcel and the Target Company will become an indirect wholly-owned subsidiary of the Company, and the financial results of the Target Company will be consolidated into the financial statements of the Group.

#### **LISTING RULES IMPLICATIONS**

Since Henan Huizheng is wholly-owned by Zensun (being indirectly and wholly-owned by Ms. Huang Yanping, a Director and the controlling shareholder of the Company) and hence an associate of Ms. Huang Yanping and a connected person of the Company, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios (as defined in Chapter 14A of the Listing Rules) in respect of the Acquisition exceed 0.1% but are less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

#### **THE ACQUISITION**

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acquire, and Henan Huizheng has agreed to sell, the entire equity interest of the Target Company at a consideration of RMB50,000,000.

The Group will finance the Acquisition with its internal resources.

## **THE AGREEMENT**

The principal terms of the Agreement are set out as follows:

### **Date of Agreement:**

29 January 2019 (after trading hours)

### **Parties:**

- (i) Henan Xinghan (as purchaser); and
- (ii) Henan Huizheng (as vendor)

Henan Xinghan is an indirect wholly-owned subsidiary of the Company. Henan Huizheng is wholly-owned by Zensun (being indirectly and wholly-owned by Ms. Huang Yanping, a Director and the controlling shareholder of the Company), and hence, an associate of Ms. Huang Yanping and a connected person of the Company under Chapter 14A of the Listing Rules.

### **Subject matter under the Acquisition:**

Pursuant to the terms of the Agreement, Henan Xinghan agreed to acquire, and Henan Huizheng agreed to sell the entire equity interest of the Target Company at a consideration of RMB50,000,000. The Target Company is holding the land use rights concerning the Land Parcel.

### **Consideration and terms of payment:**

The consideration of the Acquisition is RMB50,000,000 and shall be settled by cash in full on or before 31 January 2019.

The consideration of RMB50,000,000 was determined after arm's length negotiations between the parties on normal commercial terms. Having considered and by reference to the (i) market value appraised by Henan Jiuding Assets Appraisal Company Limited (河南九鼎資產評估有限公司), an independent professional valuer, (ii) the development prospect and potential of the Land Parcel, and (iii) the net asset value of the entire equity interest of the Target Company. The Directors (including the independent non-executive Directors) are of the view that the consideration of the Acquisition is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

### **Completion:**

Completion of the Acquisition shall take place within 15 days (or any other date as agreed between the parties) after the settlement of the consideration and on the date when i) the requisite business registration of the Target Company in respect of the Acquisition with the PRC governmental authorities has been completed; and ii) evidence of fully settlement of the consideration of the Acquisition has been provided.

The Target Company is holding the land use rights of the Land Parcel. Upon completion of the Acquisition, Henan Xinghan will acquire the land use rights of the Land Parcel by way of Acquisition

and the Target Company will become an indirect wholly-owned subsidiary of the Company, and the financial results of the Target Company will be consolidated into the financial statements of the Group.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a limited liability company established in the PRC and is indirectly wholly-owned by Zensun as at the date of the Agreement. The Target Company is principally engaged in real estate development, sales and leasing in the PRC.

The Target Company is holding the land use rights concerning the Land Parcel acquired on 9 September 2017 at an acquisition cost of approximately RMB 213,000,000, which is located at the south of Qilihe South Road and the west of Jiayuan Road\* (七里河南路以南、嘉園路以西), Zhengzhou City, Henan Province, the PRC, with a total site area of 13,442.23 square meters and permitted plot ratio of 7.99. The Land Parcel is designated for commercial usage with the term of use of 40 years.

The unaudited total asset value and the net asset of the Target Company as at 31 December 2018 were approximately RMB363 million and RMB47 million respectively. The unaudited financial information of the Target Company for the financial years ended 31 December 2017 and 2018 were as follows:

	For the year ended 31 December 2017 (approximate RMB)	Unaudited For the year ended 31 December 2018 (approximate RMB)
Net loss before taxation	530,000	2,800,000
Net loss after taxation	530,000	2,800,000

## **INFORMATION OF THE PARTIES**

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

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

Henan Huizheng is a company established in the PRC, a wholly-owned subsidiary of Zensun and property development company. Henan Huizheng owns the entire equity interest of the Target Company.

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

The Board believes that the Acquisition complements the Group's strategy in expanding its development in Henan Province and other first and second tier cities in the PRC. The Directors consider that the terms of the Agreement in respect of the Acquisition is fair and reasonable and in the interests of the Company and its shareholders as a whole.

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 as a whole.

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

### **LISTING RULES IMPLICATIONS**

Since Henan Huizheng is wholly-owned by Zensun (being indirectly and wholly-owned by Ms. Huang Yanping, a Director and the controlling shareholder of the Company), and hence an associate of Ms. Huang Yanping and a connected person of the Company, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios (as defined in Chapter 14A of the Listing Rules) in respect of the Acquisition exceed 0.1% but are less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules. Among the six Directors, two connected Directors, Mr. Zhang Jingguo and Ms. Huang Yanping, were required to abstain from voting in respect of the resolution to approve the Agreement (including the consideration of the Acquisition). All the remaining four Directors who were entitled to vote, unanimously approved the resolution approving the Agreement.

### **DEFINITIONS**

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

"Acquisition"	the acquisition of the entire equity interest of the Target Company pursuant to the Agreement
"Agreement"	the shares transfer agreement dated 29 January 2019 and entered into between Henan Xinghan and Henan Huizheng in respect of the Acquisition
"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 the main board of the Stock Exchange (Stock Code: 185)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

“Director(s)”	Director(s) of the Company
“Group”	the Company and its subsidiaries
“Henan Huizheng”	Henan Huizheng City Construction Company Limited* (河南惠正城鄉建設有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of Zensun
“Henan Xinghan”	Henan Xinghan Zensun Real Estate Company Limited* (河南興漢正商置業有限公司), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land Parcel”	a piece of land parcel located at the south of Qilihe South Road and the west of Jiayuan Road* (七里河南路以南、嘉園路以西), Zhengzhou City, Henan Province, the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Henan Xinrong Real Estate Company Limited* (河南鑫融置業有限公司), a limited liability company established in the PRC and wholly-owned subsidiary of Henan Huizheng
“Zensun”	Zensun Real Estate Co., Ltd* (河南正商置業有限公司), a company established in the PRC with limited liability, indirectly and wholly -owned by and controlled by Ms. Huang Yanping, a Director and the controlling shareholder of the Company
“%”	per cent.

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

Hong Kong, 29 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.*

*\* For identification purpose only.*