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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)**

### **DISCLOSEABLE TRANSACTION SUBSCRIPTION OF NOTES**

#### **SUBSCRIPTION OF NOTES**

On 18 April 2018 (after trading hours), the Company entered into the Subscription Agreement with China First Capital as issuer pursuant to which the Company has conditionally agreed to subscribe for, and China First Capital agreed to issue the Notes in the principal amount of U.S.\$47,000,000.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios as defined under the Listing Rules in relation to the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

#### **SUBSCRIPTION OF NOTES**

The Board is pleased to announce that on 18 April 2018 (after trading hours), the Company entered into the Subscription Agreement with China First Capital as issuer pursuant to which the Company has conditionally agreed to subscribe for, and China First Capital agreed to issue the Notes in the principal amount of U.S.\$47,000,000, principal terms of the Subscription Agreement and Notes are as follows:

## 1. Principal terms of the Subscription Agreement and the Notes

Date:	18 April 2018
Parties:	(a) China First Capital, as Issuer; and (b) the Company, as Subscriber
Offering Type:	The Notes are not being offered and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States
Status of the Notes:	The Notes will constitute direct, unconditional, and unsecured obligations of the Issuer which: (i) shall rank senior to the share capital of the Issuer from time to time; and (ii) at least <i>pari passu</i> with all other present and future secured obligations of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.
Principal Amount:	U.S.\$47,000,000
Form and Denominations:	The Notes will be issued in registered form and in a minimum denomination of U.S.\$5,000,000 each and integral multiples of U.S.\$1,000,000 in excess thereof. The Notes will be represented by a Note certificate.
Issue Documents:	The Note certificate and terms and conditions of the Notes
Issue Price:	100% of the principal amount of the Notes
Interest Rate:	9.7% per annum
Transferability:	a Note may be transferred to Affiliate of a holder of the Note, or where prior written consent of the Issuer has been obtained
Conditions Precedent	(a) the Subscriber receiving on or before the Closing Date a copy of the resolution(s) of the board of directors of the Issuer authorising the execution of the Issue Documents to which it is a party, the issue of the Notes and the entry into and performance of the transactions contemplated hereby and thereby;

- (b) the Issue Documents and other related documents are executed on or before the Closing Date by or on behalf of all parties thereto;
- (c) the Subscriber receiving a closing certificate dated the Closing Date, addressed to the Subscriber, signed by one director or a duly authorised signatory on behalf of the Issuer in the agreed form; and
- (d) the warranties provided by the Issuer as stipulated in the Subscription Agreement remaining true, accurate and not misleading in each case in all material respects,

Events of Default:

Following the occurrence of an event of default, any of the holder of the Notes will have the right at their sole option, to require the Issuer to redeem all (but not some) of their Notes on the Business Day after the receipt by the Issuer of the relevant redemption notice at a redemption price of 100 per cent. of the principal amount of such Notes plus any accrued but unpaid interest:

- (a) the Issuer fails to pay the principal or any interest of any of the Notes on the due date but does not constitute an event of default provided that the principal or any interest of any of the Notes is paid within five Business Days of the maturity date of the Notes;
- (b) the Issuer does not comply in any material respect with any undertaking or provision of the Transaction Documents (No event of default will be deemed to occur if the failure to comply is capable of remedy and is remedied within five Business Days of the earlier of (a) any holder of the Notes giving notice to the Issuer or (b) the Issuer becoming aware of the failure to comply);

- (c) if any warranty provided by the Issuer in the Subscription Agreement is or proves to have been incorrect, untrue or misleading when made or deemed to be made or as appropriate or if at any time any undertaking or covenant of the Subscription Agreement is not observed or not complied with in all material respects by the Issuer (no event of default under will be deemed to occur if the breach is capable of remedy and is remedied within five Business Days of the earlier of (a) any holder of the Notes giving notice to the Issuer or (b) the Issuer becoming aware of the breach);
- (d) any financial indebtedness of the Issuer amounted to be over U.S.\$1,000,000, is not paid when due nor within any originally applicable grace period (no event of default will be deemed to occur if the failure to pay is capable of remedy and is remedied within five Business Days of the earlier of (a) any holder of Notes giving notice to the Issuer or (b) the Issuer becoming aware of the failure to pay);
- (e) (i) the Issuer is insolvent or unable to pay its debts as they fall due; (ii) an administrator, receiver or liquidator of the Issuer or the whole or a substantial part of the undertaking, assets and revenues of Issuer is appointed; (iii) the Issuer makes a general assignment or an arrangement or composition with or for the benefit of its creditors, or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it; (iv) an order is made for the winding up, liquidation or dissolution of the Issuer; or (v) an event having a substantially similar effect to any of the events referred to in paragraphs (i) to (iv) above happens under the laws of any jurisdiction; or
- (f) it is or becomes unlawful for the Issuer to perform any of its obligations under any of the Transaction Documents or any of the obligations expressed to be assumed by an Issuer under any Transaction Document ceases to be legal, valid, binding and enforceable.

Use of proceeds:

the Issuer will use the net proceeds for the development of its business and general working capital.

Maturity Date and redemption:	the Notes will be redeemed at their principal amount on the later of (i) 19 October 2018, which initial maturity date may, with prior written agreement of the Issuer and the holder of a Note, postpone for four times with each postponement for calendar month; or (ii) on such date as the Issuer and the Subscriber may agree in writing, being the maturity date. In any event, the maturity date shall fall on or before 31 January 2019.
Listing:	No application will be made for a listing of the Notes on any stock exchange
Closing Date:	Subject to the satisfaction of all the conditions precedent or as otherwise waived, the Notes are expected to be issued on 19 April 2018, or such later date, not being later than 30 April 2018, as the Company and the Issuer may agree.
Governing Law:	Hong Kong law

## **2. Information of the Issuer and the Group**

The Issuer is a company incorporated in the Cayman Islands whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 1269). Before 2014, the Issuer and its subsidiaries were mainly engaged in the automotive parts business. Since the end of 2014, the Issuer has started moving into the financial services business, and has provided services such as dealing in securities, underwriting and placing of securities, financing consultancy, merger and acquisition agency, financial advisory, asset management, private equity fund management, credit financing and migration financial services. Since 2016, the Issuer and its subsidiaries have continued to diversify its business, with education investment as cornerstone and financial services and education operation as support to the Issuer and its subsidiaries. The combination of the three key operations has enabled the Issuer and its subsidiaries to achieve a balanced development. The Issuer and its subsidiaries are aspired to build a platform for education operation, investment and financing in the education sector, powered by “Education Operation and Financial Service” dual-pronged strategy.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Issuer and its respective ultimate beneficial owners are third party independent of the Group and its connected persons.

The Group are principally engage in property development, property investment and management, hotel operations and securities trading and investment.

### **3. Reasons and benefits for the Subscription**

The Group has endeavoured in exploring opportunities for potential investments with a view to generating revenue and achieving better return for its shareholders. As the interest rate of the Notes is generally more favourable and higher than the interest rate of fixed deposits offered by well-recognised financial institutions in Hong Kong, the Board considers that the Subscription can diversify the Group's investment portfolio, broaden the Group's sources of income and provide the Group with a stable investment return. Based on the reasons and benefits discussed above, the Board consider the Subscription Agreement is entered into on normal commercial terms and that the terms are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The consideration of the Subscription is based on the principal amount of the Notes and it will be funded by the Group's internal resources.

### **4. Listing Rules Implications**

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **5. Definitions**

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

“Affiliate”	means, in relation to any person, any other person directly or indirectly Controlling, Controlled by or under common Control with, the first mentioned person.
“Board”	the board of directors of the Company
“Business Day”	a day on which commercial banks and foreign exchange markets settle payments in Hong Kong, excluding Saturdays, Sundays, public holidays and any day in Hong Kong on which a typhoon signal number 8 or above or a “black” rainstorm warning is hoisted
“China First Capital or Issuer”	China First Capital Group Limited, a company incorporated in Cayman Islands whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 1269)
“Closing Date”	the closing of the subscription for and issue of the Notes

“Company or Subscriber”	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)
“Control”	means the power of a person to secure that the affairs of another person are conducted directly or indirectly in accordance with the wishes of that first person by means of being the beneficial owner of more than 50 per cent. of the voting rights of that other person, or having the right to appoint or remove a majority of the members of or otherwise control the votes at the board of directors (or its equivalent) of that other person
“Conditions”	means the terms and conditions to the Notes
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	Parties independent of the Company and its connected persons
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Note(s)”	the U.S.\$47,000,000 9.7% Notes due 19 October 2018 to be issued by the Issuer
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Notes pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 18 April 2018 entered into between the Company as Subscriber and China First Capital as the Issuer
“Transaction Documents”	the Notes, the Note certificate, the Subscription Agreement and other documents designated as such by the Issuer and the Subscriber

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

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

Hong Kong, 18 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.*