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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 TRANSACTIONS ACQUISITIONS OF LAND USE RIGHTS IN BEIJING, THE PRC, FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER AND RESUMPTION OF TRADING**

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

The Board is pleased to announce that on 27 April 2017, Henan Xinzhu\*, an indirect wholly-owned subsidiary of the Company, made two successful bids for land use rights of two land parcels in Beijing City, namely Land Parcel I and Land Parcel II, through listing for sale process in the Auction held by Land Bureau of Beijing City\* (北京市土地整理儲備中心) for transfer of state-owned land use rights at consideration of RMB2,890,000,000 and RMB1,210,000,000, respectively. Following the two successful bids, the Land Bureau of Beijing City issued the Confirmation Notices in respect of each Acquisition to Henan Xinzhu on 27 April 2017.

The Land Parcel I is located in Huaifang Village and Xingong Village, Nanyuan County, Fengtai District\* (豐台區南苑鄉槐房村、新官村), Beijing City, the PRC with a site area of 53,213.75 sq.m. and a permitted plot ratio of 1.89. The Land Parcel I is designated for residential and educational usage with the term of 70 years for residential use, 40 years for commercial use and 50 years for office use.

The Land Parcel II is located at 5th Avenue District, Shunyi Newtown, Renhe Town, Shunyi District\* (順義區仁和鎮第五街區), Beijing City, the PRC with a site area of 41,170.23 sq.m. and a permitted plot ratio of 1.46. The Land Parcel II is designated for residential usage with the term of 70 years for residential use, 40 years for commercial use and 50 years for office use.

#### **FINANCIAL ASSISTANCE**

The Board further announces that on 27 April 2017, Zensun entered into two loan agreements with Henan Xinzhu to provide Financial Assistance to Henan Xinzhu in the amount of RMB2,890,000,000 for Land Parcel I and RMB1,210,000,000 for Land Parcel II, respectively for a duration of two years each.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratio calculated in respect of each Acquisition exceeds 100%, each Acquisition constitutes a very substantial acquisition transaction of the Company under Chapter 14 of the Listing Rules. Since each 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, each Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, each 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 Acquisitions and such other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 23 May 2017.

### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 1:00 p.m. on 28 April 2017 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 2 May 2017.

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

The board ("**Board**") of directors ("**Directors**") of ZH International Holdings Limited ("**Company**") is pleased to announce that on 27 April 2017, Henan Xinzhu Real Estate Company Limited\* (河南新築置業有限公司) ("**Henan Xinzhu**"), an indirect wholly-owned subsidiary of the Company, made two successful bids for land use rights of two land parcels, namely, land code no. 京土整儲掛(豐) No. [2017] 026 in Beijing City, the People's Republic of China (the "**PRC**") ("**Land Parcel I**") and land code no. 京土整儲掛(順) No. [2017] 027 in Beijing City, the PRC ("**Land Parcel II**") through listing for sale process (individually as "**Acquisition**") in the public auction ("**Auction**") held by Land Bureau of Beijing City\* (北京市土地整理儲備中心) for transfer of state-owned land use rights at consideration of RMB2,890,000,000 and RMB1,210,000,000, respectively.

The Land Parcel I is located in Huaifang Village and Xingong Village, Nanyuan County, Fengtai District\* (豐台區南苑鄉槐房村、新官村), Beijing City, the PRC with a site area of 53,213.75 sq.m. and a permitted plot ratio of 1.89. The Land Parcel I is designated for residential usage and educational usage with the term of 70 years for residential use, 40 years for commercial use and 50 years for office use.

The Land Parcel II is located at 5th Avenue District, Shunyi Newtown, Renhe Town, Shunyi

District\* (順義區仁和鎮第五街區), Beijing City, the PRC with a site area of 41,170.23 sq.m. and a permitted plot ratio of 1.46. The Land Parcel II is designated for residential usage with the term of 70 years for residential use, 40 years for commercial use and 50 years for office use.

A sum of RMB705,000,000 for Land Parcel I and RMB270,000,000 for Land Parcel II have been paid as the security deposits for the Auction. Following the two successful bids, the Land Bureau of Beijing City issued the two confirmation notices (“**Confirmation Notices**”) in respect of Land Parcel I and Land Parcel II to Henan Xinzhu on 27 April 2017. 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 Xinzhu and the Beijing Municipal Bureau of Land & Resources \* (北京市規劃和國土資源管理委員會) in respect of each Acquisition within 10 days from the date of the Confirmation Notice. The details of the payment terms of the consideration of the Acquisitions will be set out in the land use rights grant contracts to be entered between Henan Xinzhu and Land and Resources Bureau of Beijing City in respect of the Land Parcel I and Land Parcel II.

### **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 first and second tier cities in the PRC.

The Directors further consider that each 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 27 April 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 two loan agreements (“**Loan Agreements**”) with Henan Xinzhu pursuant to which Zensun has agreed to provide, upon Henan Xinzhu’s request, unsecured loan(s) of RMB2,890,000,000 for Land Parcel I and RMB1,210,000,000 for Land Parcel II respectively, for a duration of two years from the date of the Loan Agreements (“**Financial Assistance**”) each, with discretionary rights on Zensun to demand immediate repayment. Such loan(s) will be available for drawdown by Henan Xinzhu in accordance with actual needs within two years from the date of the Loan Agreements 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 Acquisitions and the development of the Land Parcel I and Land Parcel II.

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 Xinzhu. 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 "**Stock Exchange**") ("**Listing Rules**").

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratio calculated in respect of each Acquisition exceeds 100%, each Acquisition constitutes a very substantial acquisition transaction of the Company under Chapter 14 of the Listing Rules. Since each 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, each Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, each 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 23 May 2017.

## **RESUMPTION OF TRADING**

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

Hong Kong, 28 April 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.*