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

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

The Board is pleased to announce that on 16 March 2018, Henan Heluo, an indirect wholly-owned subsidiary of the Company, made sixteen successful bids for the land use rights of the Land Parcels at an aggregate consideration of RMB312,420,000 through listing for sale process in the Auction held by Gongyi Municipal Bureau of Land and Resources\* (鞏義市國土資源局) for transfer of state-owned land use rights.

The Land Parcels are located at Zhaoling Village, Mihe Town, Gongyi City\* (鞏義市米河鎮趙嶺村), Henan Province, the PRC.

Land Parcel I is acquired at a consideration of RMB25,980,000, has a total site area of 61,857.62 sq.m. and permitted plot ratio between 1.0 and 1.4. Land Parcel I is designated for residential usage with the term of use for 70 years.

Land Parcel II is acquired at a consideration of RMB27,700,000, has a total site area of 65,950.72 sq.m. and permitted plot ratio between 1.0 and 1.4. Land Parcel II is designated for residential usage and commercial usage with the term of use of 70 years for residential usage and 40 years for commercial usage.

Land Parcel III is acquired at a consideration of RMB29,160,000, has a total site area of 69,433.31 sq.m. and permitted plot ratio between 1.0 and 1.1. Land Parcel III is designated for residential usage with the term of use for 70 years.

Land Parcel IV is acquired at a consideration of RMB28,100,000, has a total site area of 66,901.15 sq.m. and permitted plot ratio between 1.0 and 1.4. Land Parcel IV is designated for residential usage with the term of use for 70 years.

Land Parcel V is acquired at a consideration of RMB18,870,000, has a total site area of 44,933.99 sq.m. and permitted plot ratio between 1.0 and 1.1. Land Parcel V is designated for residential usage and commercial usage with the term of use of 70 years for residential usage and 40 years for commercial usage.

Land Parcel VI is acquired at a consideration of RMB13,010,000, has a total site area of 30,976.05 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel VI is designated for residential usage with the term of use for 70 years.

Land Parcel VII is acquired at a consideration of RMB13,650,000, has a total site area of 32,492.77 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel VII is designated for residential usage with the term of use for 70 years.

Land Parcel VIII is acquired at a consideration of RMB13,180,000, has a total site area of 31,377.46 sq.m. and permitted plot ratio is not higher than 1.2. Land Parcel VIII is designated for residential usage and commercial usage with the term of use of 70 years for residential usage and 40 years for commercial usage.

Land Parcel IX is acquired at a consideration of RMB25,650,000, has a total site area of 61,055.49 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel IX is designated for residential usage with the term of use for 70 years

Land Parcel X is acquired at a consideration of RMB25,080,000, has a total site area of 59,701.95 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel X is designated for residential usage with the term of use for 70 years.

Land Parcel XI is acquired at a consideration of RMB18,520,000, has a total site area of 44,095.12 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel XI is designated for residential usage with the term of use for 70 years.

Land Parcel XII is acquired at a consideration of RMB20,150,000, has a total site area of 47,962.23 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel XII is designated for residential usage with the term of use for 70 years.

Land Parcel XIII is acquired at a consideration of RMB19,330,000, has a total site area of 46,013.35 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel XIII is designated for residential usage with the term of use for 70 years.

Land Parcel XIV is acquired at a consideration of RMB22,230,000, has a total site area of 52,928.47 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel XIV is designated for residential usage with the term of use for 70 years.

Land Parcel XV is acquired at a consideration of RMB9,310,000, has a total site area of 22,167.96 sq.m. and permitted plot ratio is not higher than 1.0. Land Parcel XV is designated for public facilities usage with the term of use for 50 years

Land Parcel XVI is acquired at a consideration of RMB2,500,000, has a total site area of 5,951.50 sq.m. and permitted plot ratio is not higher than 1.0. Land Parcel XVI is designated for public facilities usage with the term of use for 50 years.

## **FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER**

The Board further announces that on 16 March 2018, Zensun entered into sixteen loan agreements with Henan Heluo to provide Financial Assistance to Henan Heluo each for a duration of two years in the amount of RMB25,980,000 for Land Parcel I, RMB27,700,000 for Land Parcel II, RMB29,160,000 for Land Parcel III, RMB28,100,000 for Land Parcel IV, RMB18,870,000 for Land Parcel V, RMB13,010,000 for Land Parcel VI, RMB13,650,000 for Land Parcel VII, RMB13,180,000 for Land Parcel VIII, RMB25,650,000 for Land Parcel IX, RMB25,080,000 for Land Parcel X, RMB18,520,000 for Land Parcel XI, RMB20,150,000 for Land Parcel XII, RMB19,330,000 for Land Parcel XIII, RMB22,230,000 for Land Parcel XIV, RMB9,310,000 for Land Parcel XV and RMB2,500,000 for Land Parcel XVI, respectively.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios calculated in respect of the Acquisitions under Rule 14.07 of the Listing Rules exceed 5% but is less than 25%, the Acquisitions constitute a discloseable transaction for the Company under the Listing Rules.

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 Listing Rules.

## **ACQUISITIONS OF LAND USE RIGHTS**

The board (“**Board**”) of directors (“**Directors**”) of ZH International Holdings Limited (“**Company**”) is pleased to announce that on 16 March 2018, Henan Zensun Heluo Real Estate Company Limited\* (河南正商河洛置業有限公司) (“**Henan Heluo**”), an indirect wholly-owned subsidiary of the Company, made sixteen successful bids for the land use rights of the land parcel with code no. 2018-015 (“**Land Parcel I**”), code no. 2018-016 (“**Land Parcel II**”), code no. 2018-017 (“**Land Parcel III**”), code no. 2018-018 (“**Land Parcel IV**”), code no. 2018-019 (“**Land Parcel V**”), code no. 2018-020 (“**Land Parcel VI**”), code no. 2018-021 (“**Land Parcel VII**”), code no. 2018-022 (“**Land Parcel VIII**”), code no. 2018-023 (“**Land Parcel IX**”), code no. 2018-024 (“**Land Parcel X**”), code no. 2018-025 (“**Land Parcel XI**”), code no. 2018-026 (“**Land Parcel XII**”), code no. 2018-027 (“**Land Parcel XIII**”), code no. 2018-028 (“**Land Parcel XIV**”), code no. 2018-031 (“**Land Parcel XV**”) and code no. 2018-032 (“**Land Parcel XVI**”), located in Gongyi City\* (鞏義市), Henan Province, the People’s Republic of China (the “**PRC**”) through listing for sale process (the “**Acquisitions**”) in the public auction (“**Auction**”) held by Gongyi Municipal Bureau of Land and Resources\* (鞏義市國土資源局) for transfer of state-owned land use rights at an aggregate consideration of RMB312,420,000. The above mentioned land parcels collectively are referred to as “**Land Parcels**”. The consideration of each of the Acquisitions was determined based on the Auction documents issued by Gongyi Municipal Bureau of Land and Resources.

The Land Parcels are located at Zhaoling Village, Mihe Town, Gongyi City\* (鞏義市米河鎮趙嶺村), Henan Province, the PRC.

Land Parcel I is acquired at a consideration of RMB25,980,000, has a total site area of

61,857.62 sq.m. and permitted plot ratio between 1.0 and 1.4. Land Parcel I is designated for residential usage with the term of use for 70 years.

Land Parcel II is acquired at a consideration of RMB27,700,000, has a total site area of 65,950.72 sq.m. and permitted plot ratio between 1.0 and 1.4. Land Parcel II is designated for residential usage and commercial usage with the term of use of 70 years for residential usage and 40 years for commercial usage.

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Land Parcel X is acquired at a consideration of RMB25,080,000, has a total site area of 59,701.95 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel X is designated for residential usage with the term of use for 70 years.

Land Parcel XI is acquired at a consideration of RMB18,520,000, has a total site area of 44,095.12 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel XI is designated for residential usage with the term of use for 70 years.

Land Parcel XII is acquired at a consideration of RMB20,150,000, has a total site area of 47,962.23 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel XII is designated for residential usage with the term of use for 70 years.

Land Parcel XIII is acquired at a consideration of RMB19,330,000, has a total site area of 46,013.35 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel XIII is designated for residential usage with the term of use for 70 years.

Land Parcel XIV is acquired at a consideration of RMB22,230,000, has a total site area of 52,928.47 sq.m. and permitted plot ratio between 1.0 and 1.2. Land Parcel XIV is designated for residential usage with the term of use for 70 years.

Land Parcel XV is acquired at a consideration of RMB9,310,000, has a total site area of 22,167.96 sq.m. and permitted plot ratio is not higher than 1.0. Land Parcel XV is designated for public facilities usage with the term of use for 50 years.

Land Parcel XVI is acquired at a consideration of RMB2,500,000, has a total site area of 5,951.50 sq.m. and permitted plot ratio is not higher than 1.0. Land Parcel XVI is designated for public facilities usage with the term of use for 50 years.

A sum of RMB25,980,000 for Land Parcel I, RMB27,700,000 for Land Parcel II, RMB29,160,000 for Land Parcel III, RMB28,100,000 for Land Parcel IV, RMB18,870,000 for Land Parcel V, RMB13,010,000 for Land Parcel VI, RMB13,650,000 for Land Parcel VII, RMB13,180,000 for Land Parcel VIII, RMB25,650,000 for Land Parcel IX, RMB25,080,000 for Land Parcel X, RMB18,520,000 for Land Parcel XI, RMB20,150,000 for Land Parcel XII, RMB19,330,000 for Land Parcel XIII, RMB22,230,000 for Land Parcel XIV, RMB9,310,000 for Land Parcel XV and RMB2,500,000 for Land Parcel XVI, respectively, have been paid as the security deposit for the Auction. Pursuant to the procedures under the listing for sale process in the Auction, within three working days following the successful bids, Henan Heluo shall submit qualification documents to Gongyi Municipal Bureau of Land and Resources for verification. Upon completion of the verification process, Gongyi Municipal Bureau of Land and Resource will issue a confirmation notice (“**Confirmation Notice**”) in respect of each of the Land Parcels to Henan Heluo. Upon issuance of Confirmation Notice, the land use rights grant contracts in relation to the each of the Acquisitions will be entered into between Henan Heluo and Gongyi Municipal Bureau of Land and Resources on or before the date determined by Gongyi Municipal Bureau of Land and Resources as stipulated in the Confirmation Notice.

## **INFORMATION ON PARTIES TO THE ACQUISITION**

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

Gongyi Municipal Bureau of Land and Resources, being the seller of the Land Parcels, 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 Gongyi 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, Gongyi Municipal Bureau of Land and Resources and its beneficial owner are third parties independent of the Group and its connected persons.

## **REASONS 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 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 each of 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. 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 16 March 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 sixteen loan agreements (“**Loan Agreements**”) with Henan Heluo pursuant to which Zensun has agreed to provide, upon Henan Heluo’s request, unsecured loan(s) of RMB25,980,000 for Land Parcel I, RMB27,700,000 for Land Parcel II, RMB29,160,000 for Land Parcel III, RMB28,100,000 for Land Parcel IV, RMB18,870,000 for Land Parcel V, RMB13,010,000 for Land Parcel VI, RMB13,650,000 for Land Parcel VII, RMB13,180,000 for Land Parcel VIII, RMB25,650,000 for Land Parcel IX, RMB25,080,000 for Land Parcel X, RMB18,520,000 for Land Parcel XI, RMB20,150,000 for Land Parcel XII, RMB19,330,000 for Land Parcel XIII, RMB22,230,000 for Land Parcel XIV, RMB9,310,000 for Land Parcel XV and RMB2,500,000 for Land Parcel XVI, respectively, each for a duration of two years from the date of the Loan Agreements (“**Financial Assistance**”), with discretionary right on Zensun to demand immediate repayment. Such loan(s) will be available for drawdown by Henan Heluo 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 Parcels.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios calculated in respect of the Acquisitions under Rule 14.07 of the Listing Rules exceed 5% but is less than 25%, the Acquisitions constitute a discloseable transaction for the Company under the Listing Rules.

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 Heluo. 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**").

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

Hong Kong, 16 March 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.*