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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)

### **MAJOR TRANSACTION ACQUISITION OF LAND USE RIGHTS IN HENAN PROVINCE, THE PRC AND FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER**

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

The Board is pleased to announce that on 31 August 2018, Henan Huafu, an indirect wholly-owned subsidiary of the Company, made a successful bid for the land use rights of the Land Parcel through listing for sale process in the Auction held by Land and Resources Bureau of Zhengzhou Airport Economy Zone (Zhengzhou Xinzheng Comprehensive Bonded Zone)\* (鄭州航空港經濟綜合實驗區(鄭州新鄭綜合保稅區)國土資源局) for transfer of state-owned land use rights of at a consideration of RMB746,300,000.

The Land Parcel is located at south of Qiaohang Road, east of Linghan Street\* (橋航路以南、凌寒街以東) Airport Economy Zone, Zhengzhou City, Henan Province, the PRC with a total site area of 54,297.57 sq.m. and permitted plot ratio between 1.0 and 2.7. The Land Parcel is designated for residential usage with the term of 70 years.

#### **FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER**

The Board further announces that on 31 August 2018, Zensun entered into a loan agreement with Henan Huafu to provide Financial Assistance to Henan Huafu in the amount of RMB746,300,000 for the Land Parcel.

#### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios calculated in respect of Acquisition under Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules. Since the 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, the Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, the 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 Acquisition and such other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 21 September 2018.

## ACQUISITION OF LAND USE RIGHTS

The board (“**Board**”) of directors (“**Directors**”) of ZH International Holdings Limited (“**Company**”) is pleased to announce that on 31 August 2018, Henan Zensun Huafu Real Estate Company Limited\* (河南正商華府置業有限公司) (“**Henan Huafu**”), an indirect wholly-owned subsidiary of the Company, made a successful bid for the land use rights of the land parcel with code no. 鄭港出 [2018] 141# (the “**Land Parcel**”), located in Airport Economy Zone, Zhengzhou City, Henan Province, the People’s Republic of China (the “**PRC**”) through listing for sale process (the “**Acquisition**”) in the public auction (“**Auction**”) held by Land and Resources Bureau of Zhengzhou Airport Economy Zone (Zhengzhou Xinzheng Comprehensive Bonded Zone)\* (鄭州航空港經濟綜合實驗區 (鄭州新鄭綜合保稅區)國土資源局) for transfer of state-owned land use rights at a consideration of RMB746,300,000. The consideration of the Acquisition was determined based on the Auction documents issued by Land and Resources Bureau of Zhengzhou Airport Economy Zone (Zhengzhou Xinzheng Comprehensive Bonded Zone).

The Land Parcel is located at south of Qiaohang Road, east of Linghan Street \* (橋航路以南、凌寒街以東), Airport Economy Zone, Zhengzhou City, Henan Province, the PRC with a total site area of 54,297.57 sq.m. and permitted plot ratio between 1.0 and 2.7. The Land Parcel is designated for residential usage with the term of 70 years.

A sum of RMB183,260,000 has been paid as the security deposit for the Land Parcel for the Auction. Pursuant to the procedures under the listing for sale process in the Auction, within two working days following the successful bid, Henan Huafu shall submit qualification documents to Land and Resources Bureau of Zhengzhou Airport Economy Zone (Zhengzhou Xinzheng Comprehensive Bonded Zone) for verification. Upon completion of the verification process, Land and Resources Bureau of Zhengzhou Airport Economy Zone (Zhengzhou Xinzheng Comprehensive Bonded Zone) will issue a confirmation notice (“**Confirmation Notice**”) in respect of the Land Parcel to Henan Huafu. The land use rights grant contract in relation to the Acquisition will be entered into between Henan Huafu and Land and Resources Bureau of Zhengzhou Airport Economy Zone (Zhengzhou Xinzheng Comprehensive Bonded Zone) on or before the date determined by Land and Resources Bureau of Zhengzhou Airport Economy Zone (Zhengzhou Xinzheng Comprehensive Bonded Zone) as stipulated in the Confirmation Notice.

## INFORMATION ON PARTIES TO THE ACQUISITION

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

Land and Resources Bureau of Zhengzhou Airport Economy Zone (Zhengzhou Xinzheng Comprehensive Bonded Zone), being the seller of the Land Parcel, 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 Airport Economy Zone, Zhengzhou 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, Land and Resources Bureau of Zhengzhou Airport Economy Zone (Zhengzhou Xinzheng Comprehensive Bonded Zone) 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 (collectively, the “**Group**”) are principally engaged in property development, property investment and management, hotel operations and securities trading and investment. The Board believes that the Acquisition 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 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 (“**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 31 August 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 a loan agreement (“**Loan Agreement**”) with Henan Huafu pursuant to which Zensun has agreed to provide, upon Henan Huafu's request, unsecured loan(s) of RMB746,300,000 for the Land Parcel (“**Financial Assistance**”), with discretionary right on Zensun to demand immediate repayment. Such loan(s) will be available for drawdown by Henan Huafu in accordance with actual needs 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 Acquisition and the development of the Land Parcel.

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 Huafu. 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**”).

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios calculated in respect of the Acquisition under Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules. Since the 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, the Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, the 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 Acquisition and such other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 21 September 2018.

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

Hong Kong, 31 August 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.*