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## **ZH INTERNATIONAL HOLDINGS LIMITED**

**正恒國際控股有限公司**

*(formerly known as Heng Fai Enterprises Limited)*

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 185)

### **DISCLOSEABLE TRANSACTION**

On 30 September 2015, GMR and the Vendor entered into the Agreement, under which the Vendor has agreed to sell, and GMR has agreed to acquire, the Medical Facility at a consideration of US\$17,500,000 (approximately HK\$135,625,000).

As the applicable percentage calculated according to Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Agreement and the transaction contemplated thereunder constitute a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **INTRODUCTION**

The Board is pleased to announce that on 30 September 2015, GMR has entered into the Agreement with the Vendor. Pursuant to the Agreement, the Vendor shall sell and GMR shall acquire a hospital named as Star Medical Center Hospital located at 4100 Mapleshade Lane, Plano, Texas 75075, United States (the “**Medical Facility**”), for US\$17,500,000 (approximately HK\$135,625,000).

## **THE AGREEMENT**

Set out below are the major terms of the Agreement:

- Date of Agreement: 30 September 2015
- Vendor: Star Medreal, LLC, to the best knowledge, information and belief of the Board and after making all reasonable enquiry, the Vendor and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company
- Purchaser: Global Medical REIT, Inc.
- Asset to be acquired: The Medical Facility
- Consideration: US\$17,500,000 (approximately HK\$135,625,000) payable in cash
- Date of completion: on or before 4 December, 2015 or such other later date as may be agreed between the parties in writing.
- Terms of Payments:
- (a) a sum of US\$25,000 has been paid by GMR to the Vendor as initial deposit and part payment of the Consideration within three business days upon signing of the Agreement on 30 September 2015.
  - (b) The balance of the consideration will be paid on completion of the Acquisition.
- Others:
- (i) GMR is entitled to perform due diligence review on the Medical Facility for a period of 45 days from the date of the Agreement and shall have the right to terminate the Agreement by written notice to the Vendor in the event GMR in its sole discretion, is not satisfied with the Medical Facility for any reason.
  - (ii) It was agreed that GMR shall pay a development fee of US\$500,000 to the Vendor's affiliate (an independent third party) at Completion

The Medical Facility is a 24,000-square-foot hospital built in 2013 located in Plano, Texas, USA. The Medical Facility is a fully licensed private acute care inpatient hospital with high outpatient surgical caseload used by a network of Surgical Specialists throughout the Dallas/Fort Worth area. It consists of four operating rooms, one procedure room and 14 pre-operative/postanesthesia care unit beds. There are eight private 24-hour patient rooms along with the support and dietary spaces. The remainder of the building houses the administrative staff, general exam rooms, imaging and emergency department. The Medical Facility is a single storey tilt wall structure with a masonry and metal panel facade. The medical services provided by the Medical Facility include foot & ankle surgery, gastroenterology, general surgery, gynecology, spine surgery, orthopedic surgery, otolaryngology, pain management, and urology. The Medical Facility was founded by Douglas Won, MD, who also founded the Minimally Invasive Spine Institute (MISI). Dr. Won is recognized as one of the top orthopedic surgeons in the region. The Medical Facility will be leased to the Vendor's affiliate ("**Tenant**") at closing for 20 years with initial annual rental income of US\$1,278,000 (approximately HK\$9,905,000).

Having considered that (i) the Acquisition is in line with the business strategy of the Group to develop in the REITs and (ii) the favourable prospects of the Medical Facility, the Board considers that the Consideration, which was arrived at after arm's length negotiations, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **Reasons for the Acquisition**

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

The Directors consider that the Acquisition represents a good investment opportunity and believe that the Group will benefit from the stable and attractive rental income and anticipated appreciation in value of the Medical Facility while building the Group's portfolio of medical investment properties in the United States. The Directors believe that the terms of the Agreement are on normal commercial terms, and are fair and reasonable so far as the Company and the Shareholders are concerned, and that the term of the Agreement is in the interest of the Company and the Shareholders as a whole.

The Group may finance the funding requirements for the Acquisition by internal resources and corporate banking facilities or from other sources as deemed appropriate by the Board from time to time. It is expected that the consideration of the Acquisition will be funded by approximately US\$10 million by bank borrowing and the remaining balance will be funded in cash.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage calculated according to Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Agreement and the transaction contemplated thereunder constitute a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	: The acquisition of the Medical Facility by GMR from the Vendor pursuant to the Agreement
“Agreement”	: The asset purchase agreement in relation to the Acquisition entered into among GMR and the Vendor on 30 September 2015
“Board”	: the board of Directors
“Company”	: ZH International Holdings Limited (formerly known as Heng Fai Enterprises Limited), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	: the director(s) of the Company
“GMR”	Global Medical REIT Inc, a 99%-owned subsidiary of the Company, the shares of which are listed on Over-The-Counter Board in the United States.
“Group”	: the Company and its subsidiaries from time to time
“Hong Kong”	: the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	: Rules Governing the Listing of Securities on the Stock Exchange
“Medical Facility”	: the following medical facility and assets pursuant to the Agreement: (i) The real property on which the Medical Facility is

- located (“**Real Property**”);
- (ii) The Vendor’s fee simple title in and to all buildings, structures, facilities, amenities, driveways, walkways, parking lots and other improvements located on the Real Property (“**Improvements**”);
  - (iii) all right, title and interest of Vendor in and to the Real Property;
  - (iv) all fixtures owned by Vendor located on the Real Property and used in connection with the Improvements (excluding all medical equipment and any assets of the Tenant); and
  - (v) all licenses, permits and warranties benefiting the Medical Facility.

“Shareholder(s)”	: shareholder(s) of the Company
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“Vendor”	: Star Medreal, LLC
“HK\$”	: Hong Kong dollar(s), the lawful currency of Hong Kong
“US” or “United States”	: the United States of America
“US\$”	: the United States dollars, the lawful currency of the United States
“%”	: per cent.

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

Hong Kong, 6 October, 2015

*As at the date of this announcement, the executive Directors are Mr. Zhang Jingguo, Mr. Zhang Guoqiang, Mr. Eric Jackson Chang; 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.*