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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 8 January 2016, 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 for consideration of US\$15,450,000 (approximately HK\$120,201,000).

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 for 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 8 January 2016, GMR has entered into the Agreement with the Vendor. Pursuant to the Agreement, the Vendor shall sell and GMR shall acquire a hospital named . Marina Towers located at 709 South Harbor City Boulevard, Melbourne, Florida 32901, in the United States (the “**Medical Facility**”), for consideration of US\$15,450,000 (approximately HK\$120,201,000).

THE AGREEMENT

Set out below are the major terms of the Agreement:

Date of Agreement: 8 January 2016

- Vendor: Marina Towers LLC, a Florida limited liability company, to the best knowledge, information and belief of the Board, and after making all reasonable enquiries, the Vendor and their ultimate beneficial owners are third parties independent of both the Company and all connected persons of the Company
- Purchaser: Global Medical REIT, Inc.
- Asset to be acquired: The Medical Facility
- Consideration: US\$15,450,000 (approximately HK\$120,201,000) payable in cash
- Date of completion: on or before 7 March 2016 or such other later date as may be agreed between the parties in writing.
- Terms of Payments: (a) a sum of US\$20,000 will be paid by GMR to the Vendor by 18 January 2016 as earnest money and partial payment of the consideration. (b) The balance of the consideration will be paid upon completion of the Acquisition.
- Others: (i) GMR is entitled to perform due diligence review procedures on the Medical Facility for a period of 30 days from the date of the Agreement (“**Due Diligence Period**”) 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.

The Medical Facility includes a Class A, 78,000 square foot, six-story office building located on 1.9 acres. It was built in 1994 and renovated in 2006. The Medical Facility also includes an easement on the adjacent property to the north for surface parking and the medical center facility and above and below ground structured parking. The Medical Facility will be leased by GMR to FCID Holdings, Inc. (“**Tenant**”), a wholly-owned subsidiary of First Choice Healthcare Solutions, Inc. (“**FCHS**”) at the closing for a period of 10 years with initial annual rental income of approximately US\$1,105,000 (approximately HK\$8,594,000) that is guaranteed by FCHS. The Tenant has two successive options to renew the lease for five year periods with customary terms for potential rent escalation. The Tenant currently owns and operates FCHS’s real estate interests in the Marina Towers. The Medical Facility is the FCHC

headquarters and is the location of its flagship medical operating subsidiary First Choice Medical Group (“FCMG”). The FCHS headquarters occupies approximately 5,609 square feet on the second floor of the Medical Facility, and FCMG, including its MRI center, currently occupies approximately 19,000 square feet on the first floor and ground floor, employs eight physicians, and operates as a multi-specialty group that specializes in the delivery of musculoskeletal medicine and rehabilitative care.

Having considered that (i) the Acquisition is in line with the business strategy of the Group to acquire additional properties in the REIT; (ii) the favorable prospects of the Medical Facility; and (iii) the Medical Facility will generate rental income of approximately US\$1,105,000 (approximately HK\$8,594,000) per year for the Group, representing a rental yield of approximately 7.2% per annum, the Board considers that the consideration, which was arrived at after arm’s length negotiations, is fair and reasonable and is in the best 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 bank borrowings or from other sources as deemed appropriate by the Board. It is expected that the consideration for the Acquisition will be funded by approximately US\$9,300,000 from bank borrowings and the remaining balance will be funded in cash from internal resources.

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 constitutes a discloseable transaction for 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 8 January 2016
- “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 . Over-The-Counter 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;
 - (iii) all right, title and interest of Vendor in and to the Real Property;

- (iv) all personal property owned by Vendor located on the Real Property and used in connection with the Medical Facility set out in a list during the Due Diligence Period; and
- (v) all assignable warranties benefiting the Medical Facility set out in a list during the Due Diligence Period.

“Shareholder(s)” : shareholder(s) of the Company

“Stock Exchange” : The Stock Exchange of Hong Kong Limited

“Vendor” : Marina Towers LLC

“HK\$” : Hong Kong dollar(s), the lawful currency of Hong Kong

“US” or “United States” : the United States of America

“US\$” : United States dollar(s), 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, 18 January, 2016

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.