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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 INCREASE IN SHAREHOLDING IN A SUBSIDIARY

ZH USA has on 3 March 2016 of US time increased its shareholding in GMR by converting US\$15 million convertible debentures of GMR to 1,176,656 new common shares of GMR at a conversion price of US\$12.748 per share. After completion of the Increase in Share Capital of GMR, the Group has 99.9% equity interest in GMR.

As the applicable percentage calculated according to Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Increase in Share Capital constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The board of directors (“Board”) of ZH International Holdings Limited (“Company”) would like to announce that its wholly-owned subsidiary, ZH USA, LLC (“ZH USA”) has on 3 March 2016 US time increased its shareholding in Global Medical REIT, Inc. (“GMR”), a 99.5% owned subsidiary of the Company by converting US\$15 million (approximately HK\$116.7 million) convertible debentures of GMR to 1,176,656 new common shares of GMR at a conversion price of US\$12.748 per share (“Increase in Share Capital”). After completion of the Increase in Share Capital of GMR, the Group has 99.9% equity interest in GMR and hold approximately US\$25 million (approximately HK\$194.5 million) convertible debentures of GMR.

Reasons for the Increase in Share Capital

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

The Directors consider that the Increase in Share Capital shall strengthen GMR's financial position and promote the business development of GMR. The consideration was settled by converting US\$15 million convertible debenture issued by GMR to ZH USA. The Directors believe that the Increase in Share Capital is on normal commercial terms, and are fair and reasonable so far as the Company and the Shareholders are concerned, and that the Increase in Share Capital is in the interest of the Company and the Shareholders as a whole.

INFORMATION OF GMR

GMR is currently a 99.5%-owned subsidiary of the Company, the shares of which are listed on the Over-The-Counter in the United States of American. GMR is a Maryland corporation engaged in the business of acquiring licensed medical facility real estate assets. It focuses on acquiring hospitals and other acute or post-acute medical treatment centers in secondary markets from leading clinical operators with dominant market share, and leasing each property to a single market leading operator under a long-term triple-net lease.

Based on the financial statements of GMR, which are prepared in accordance with accounting principles generally accepted in the United States, the consolidated net loss before and after taxation for the two years ended 31 August 2014 and the consolidated net asset value of GMR as at 30 September 2015, 31 August 2014 and 31 August 2013 are as follows:

	For the year ended 31 August 2014 US\$ (audited)	For the year ended 31 August 2013 US\$ (audited)
Net loss before taxation	(652,206)	(45,338)
Taxation	-	-
Loss after taxation	(652,206)	(45,338)
	As at 30 September 2015 US\$ (unaudited)	As at 31 August 2014 US\$ (audited)
Net asset (deficit) value	715,772	(15,905)

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 Increase in Share Capital constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”).

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

Hong Kong, 4 March, 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.