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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)

**POSSIBLE MAJOR TRANSACTION
DEEMED DISPOSAL OF A SUBSIDIARY
IN RELATION TO THE PROPOSED OFFERING
AND MIGRATION OF GLOBAL MEDICAL REIT, INC.
ON THE NEW YORK STOCK EXCHANGE**

The Board is pleased to announce that on 1 April 2016 (U.S. time), GMR submitted a Form S-11 to the United States Securities and Exchange Commission in relation to the Proposed Offering and to apply for the Migration Listing in relation to list the GMR Shares on the NYSE. Currently, GMR Shares are traded on the OTC under the symbol “GMRE.” GMR intends to apply to list the GMR Shares on the NYSE under the symbol “GMR”.

After the Migration Listing, the Company intends to continue to provide management services and receive recurring management fees directly to and from GMR pursuant to the management agreement between GMR and IAM. Upon completion of the Proposed Offering, GMR expects to enter into a revised management agreement with IAM which will set forth the calculation of management fees going forward. The terms of the management agreement, including the fee arrangements, expense provisions and termination fee provisions as will be in effect upon completion of the Proposed Offering which including base management fee of 1.5% of GMR stockholders' equity per annum and incentive compensation depending on the performance of GMR. IAM's management agreement is not affected by the amount of the Company's equity investment in GMR. The Board believes that the Proposed Offering and future fund raising of GMR will increase its capital base which in return increases the management fee income to be received from GMR.

Should the Proposed Offering and Migration Listing proceed, following their completion, the Company's percentage holding in the common shares outstanding of GMR is expected to be substantially diluted. The Proposed Offering will constitute a deemed disposal under Rule 14.29 of the Listing Rules and the Board considers that this may constitute a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Proposed Offering will be subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

In accordance with the Listing Rules, a major transaction is subject to Shareholders' approval. To the best of the knowledge, information, and belief of the Directors, after having made all reasonable enquiries, as no Shareholder has a material interest in the transaction, no Shareholder would be required to abstain from voting if the Company is to convene a general meeting for approving the transaction. The Company will not be required to convene a general meeting for approving the transaction as the Company has obtained written Shareholder's approval from the Controlling Shareholder, in lieu of convening a general meeting as permitted by Rule 14.44 of the Listing Rules. A circular will be despatched to the Shareholders by the Company as soon as practicable in accordance with the Listing Rules setting out (among others) further details of the Proposed Offering and Migration Listing. The circular is expected to be despatched on or before 26 April 2016.

The Migration Listing and Proposed Offering are subject to, amongst others, the Securities and Exchange Commission declaring the final registration statement effective. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Offering and the Migration Listing of the GMR Shares will take place or as to when it may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

Further announcement(s) will be made by the Company in relation to the Proposed Offering and Migration Listing if and when appropriate.

INTRODUCTION

The Board is pleased to announce that on 1 April 2016 (U.S. time), GMR filed a registration statement under the Securities Exchange Act of 1933 for certain real estate companies ("Form S-11") with the United States Securities and Exchange Commission in relation to the Proposed Offering and to apply for the Migration Listing in relation to list the GMR Shares on the NYSE. The Proposed Offering will be implemented through an offering of new GMR Shares for a maximum aggregate offering price of US\$100 million. The offering price of the Offer Shares will be determined by negotiations between GMR and the Underwriter. Currently, GMR Shares are traded on the OTC under the symbol "GMRE." GMR intends to apply to list the GMR Shares on the NYSE, under the symbol "GMR".

Wunderlich has been appointed by GMR as the lead underwriter for the Proposed Offering and Migration Listing, and as financial advisor for a period of one year following completion of the Proposed Offering.

Lock-up Agreements

The Group will consent with the Underwriter, subject to certain exceptions, not to sell or otherwise transfer or encumber, or enter into any transaction that transfers, in whole or in part, directly or indirectly, any shares of common stock or securities convertible into, exchangeable for or exercisable for shares of common stock owned by them at the completion of the Proposed Offering or thereafter acquired by them for a period of 180 days after the date of the prospectus issued by GMR, without the prior written consent of the Underwriter.

INFORMATION ON GMR

GMR is currently a 99.9%-owned subsidiary of the Company. GMR is a Maryland corporation engaged in the business of acquiring licensed medical facility real estate assets. GMR 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. GMR is managed and advised by IAM. GMR targets healthcare facilities that are fully leased, or under contract to be leased, under long-term triple-net leases on the date of purchase. GMR may acquire existing healthcare facilities under sale-leaseback or similar arrangements, or it may contract to purchase facilities under development that are being built to an operator's specifications. Most of its tenant-operators are physician group tenant-operators, community hospital tenant-operators, and corporate medical treatment chain operators that are leading clinical operators in the markets they serve.

Based on the consolidated financial statements of GMR, which are prepared in accordance with accounting principles generally accepted in the United States, the audited consolidated net loss before and after taxation for the year ended 31 December 2015 and 31 August 2014 and four months ended 31 December 2014 and the audited consolidated net asset value of GMR as at 31 December 2015 and 31 December 2014 are as follows:

	Year ended 31 December 2015 US\$	Four months ended 31 December 2014 US\$	Year ended 31 August 2014 US\$
Net loss before taxation	(1,609,247)	(409,870)	(652,206)
Taxation	–	–	–
Loss after taxation	(1,609,247)	(409,870)	(652,206)
		At 31 December 2015 US\$	At 31 December 2014 US\$
Net (deficit) equity		(138,608)	1,726,239

THE PROPOSED OFFERING

It is currently proposed that pursuant to the Proposed Offering, GMR Shares will be offered for purchase by way of a public offering to prospective Independent Third Party investors in the United States for a maximum aggregate offering price of US\$100 million. It is expected that upon completion of the Proposed Offering, the Group's interest in GMR will be diluted from 99.9% to below 20%, and accordingly GMR will cease to be a subsidiary of the Company and will be reclassified to available-for-sale financial assets of the Group. It is expected that the proceeds from the Proposed Offering will mainly be used by GMR to repay a mortgage loan of US\$14.75 million from a financial institution; repay a portion of convertible debentures issued by GMR held by the Group; acquire properties in GMR pipeline; and the remaining for general working capital.

REASONS FOR AND BENEFITS OF THE PROPOSED OFFERING AND MIGRATION LISTING

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

As disclosed in the Company's announcement dated on 6 December 2013 and in the Company's annual report for year ended 31 March 2015, the Company has formed a three-phased growth strategy (the "Growth Strategy") focusing on REITs, which involves (i) building up a portfolio through seeding and growing REITs in the U.S.; (ii) developing recurring management fees from direct management of these REITs; and (iii) raising capital through potential listings. GMR is directly managed by IAM, pursuant to a management agreement. IAM is the Company's REITs management arm in the U.S. which employed a team of seasoned real estate management professionals with extensive experience as developers, managers, and investors in the U.S. real estate market. The management agreement between GMR and IAM provides GMR with limited ability to terminate the agreement during their respective initial terms until 2019 and afterwards.

The Company is focused on building GMR's real estate portfolio of specialized, high-acuity medical facilities through strategic acquisitions. In 2014, GMR acquired an acute care hospital located in Omaha, Nebraska and an orthopedic surgery center in Asheville, North Carolina. In 2015, GMR acquired an ophthalmology clinic in Pittsburgh, Pennsylvania and a portfolio comprising six licensed patient treatment facilities located in the Memphis, Metropolitan Statistical Area in Tennessee. GMR acquired three additional medical properties: a medical center in Plano, Texas on 28 January, 2016, a medical office building in Melbourne, Florida on April 1, 2016, and a medical office building and ambulatory surgery center located in Westland, Michigan on April 1, 2016.

GMR's current portfolio of healthcare facilities in the U.S. consists of 12 facilities located in eight states with approximately 244,329 leasable square feet, which as of 31 March 2016 were 100% leased with a weighted average remaining lease term of 11 years. GMR's 12 healthcare facilities are leased to seven tenants and have a weighted average age of 10 years. 100% of its annualized base rent payments as of 31 December 2015 are from triple-net leases, pursuant to which its tenant-operators are responsible for all operating expenses relating to the healthcare facility, including but not limited to real estate taxes, utilities, property insurance, routine maintenance and repairs, and property management. This structure helps insulate GMR from increases in certain operating expenses and provides more predictable and reliable cash inflows. GMR's triple-net leases typically include rent escalation provisions designed to provide it with annual growth in rental revenues.

The Company believes it is now commercially mature to implement the third phase of the Growth Strategy by migrating GMR to a major U.S. stock exchange. The Board believes that the Proposed Offering and Migration Listing will enable GMR to gain access to separate fund raising platforms in the equity and debt capital markets, which will allow GMR to independently raise capital to support its growth through strategic acquisitions. A listing on the NYSE will also provide clarity to the credit profile of GMR for rating agencies and financial institutions that wish to analyse and lend against the credit rating of a medical REIT in the U.S. The Migration Listing will occur in connection with the Proposed Offering and result a significant dilution of the Company's interest in GMR. At the same time of Migration Listing, GMR intends to elect to be taxed as a REIT for U.S. federal income tax purposes beginning with its taxable year ending 31 December 2016. GMR's qualification for REIT status can only occur if the Company's current equity interest in GMR is significantly diluted.

After the Migration Listing, the Company intends to continue to provide management services and receive recurring management fees directly to and from GMR pursuant to the management agreement between GMR and IAM. Upon completion of the Proposed Offering, GMR expects to enter into a revised management agreement with IAM which will set forth the calculation of management fees going forward. The terms of the management agreement, including the fee arrangements, expense provisions and termination fee provisions as will be in effect upon completion of the Proposed Offering which including base management fee of 1.5% of GMR stockholders' equity per annum and incentive compensation depending on the performance of GMR. IAM's management agreement is not affected by the amount of the Company's equity investment in GMR. The Board believes that the Proposed Offering and future fund raising of GMR will increase its capital base which in return increases the management fee income to be received from GMR.

The Directors consider that the Proposed Offering and Migration Listing will not cause any material change in the business model of GMR or that of the Company, and the Migration Listing and the Proposed Offering are fair and reasonable and in the interests of GMR, the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Controlling Shareholder acquired a controlling interest in the Company on 27 July 2015. As the Equity Dilution involves a deemed disposal of the Group's interest in GMR within 24 months after there has been a change of control (as defined in the Takeovers Code), the Equity Dilution might raise issues under Rule 14.92 of the Listing Rules.

The Equity Dilution will inevitably result in the Company deconsolidating and/or losing control over GMR when the Migration Listing is implemented. However, the Company takes the view that the Equity Dilution is no more than a necessary pre-condition for completing the Migration Listing, which is consistent with the Company's long term Growth Strategy. Under the Growth Strategy, the Company has been fostering its REIT management business by directly funding and expanding into different types of REITs, all of which are under the management of IAM. Since GMR is now financially mature and suitable for the Migration Listing, tapping it into a larger capital market through the issuance of GMR Shares to the public markets is not only a commercially natural and reasonable move but in the Company's judgment is for the best interest of the Shareholders. Therefore, the Company has applied to the Stock Exchange for and the Stock Exchange has granted a waiver from strict compliance with the requirements under Rules 14.92 of the Listing Rules. The waiver is on the condition that the Company discloses the details of the waiver (including reasons) by way of an announcement.

As previously disclosed, should the Proposed Offering and Migration Listing proceed, following their successful completion, the Company's percentage holding in the outstanding common stock of GMR is expected to be substantially diluted. The Proposed Offering will constitute a deemed disposal under Rule 14.29 of the Listing Rules and the Board considers that this may constitute a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Proposed Offering will be subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

In accordance with the Listing Rules, a major transaction is subject to Shareholders' approval. To the best of the knowledge, information, and belief of the Directors, after having made all reasonable enquiries, as no Shareholder has material interests in the transaction, no Shareholder would be required to abstain from voting if the Company is to convene a general meeting for approving the transaction. The Company will not be required to convene a general meeting for approving the transaction as the Company has obtained written Shareholder's approval from the Controlling Shareholder, in lieu of convening a general meeting as permitted by Rule 14.44 of the Listing Rules.

GENERAL

A circular will be despatched to the Shareholders by the Company as soon as practicable in accordance with the Listing Rules setting out (among others) further details of the Proposed Offering and Migration Listing. The circular is expected to be despatched on or before 26 April 2016.

The Migration Listing and Proposed Offering are subject to, amongst others, the Securities and Exchange Commission declaring the final registration statement effective. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Offering and the Migration Listing of the GMR Shares will take place or as to when it may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

Further announcement(s) will be made by the Company in relation to the Proposed Offering and Migration Listing if and when appropriate.

For detailed information in relation to the Form S-11 filed with the U.S. Securities and Exchange Commission, please refer to the following website address:

https://www.sec.gov/Archives/edgar/data/1533615/000114420416092348/v435521_s11.htm

DEFINITIONS

- “Board” : the board of Directors of the Company
- “Company” : ZH International Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
- Controlling Shareholder : Joy Town Inc., a company controlled by Ms. Huang, directly holds 3,579,612,209 Shares of the Company, representing approximately 66.52% of the existing issued shares capital of the Company
- “Director(s)” : the director(s) of the Company
- “Equity Dilution” : the significant dilution of the Group’s equity interest in GMR as a result the Proposed Offering and the Migration Listing
- “GMR” : Global Medical REIT, Inc., a 99.9%-owned subsidiary of the Company, the shares of which are listed on OTC
- “GMR Share(s)” : common stock(s) of US\$0.001 each in GMR
- “Group” : the Company and its subsidiaries from time to time

“HK\$”	: Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	: the Hong Kong Special Administrative Region of the People’s Republic of China
“IAM”	: Inter-American Management, LLC, a 85%-held subsidiary of the Company
“Independent Third Party”	: A third party independent of the Company and the connected persons of the Company
“Listing Rules”	: Rules Governing the Listing of Securities on the Stock Exchange
“Migration Listing”	: The proposed change of market on which GMR’s shares are listed from OTC to NYSE
“Ms. Huang”	: Ms. Huang Yanping, the non-executive Director and a controlling Shareholder of the Company
“NYSE”	: New York Stock Exchange
“Offer Price”	: the final offer price per Offer Share at which the GMR shares are to be issued pursuant to the Proposed Offering, which will be determined by negotiations between GMR and the Underwriter.
“Offer Share(s)”	: the new GMR Shares being offered by GMR pursuant to the Proposed Offering, together, where relevant, with any additional GMR Shares allotted and issued pursuant to the exercise of the Over-allotment Option
“OTC”	: Over-The-Counter Board in the U.S.
“Over-allotment Option”	: the option expected to be granted by GMR to the Underwriter, pursuant to Underwriting Agreement, to require GMR to allot and issue additional Offer Shares at the Offer Price less the underwriting discount solely for the purpose of covering over-allotments, exercisable at any time within 30th day from the date of the prospectus issued by GMR
“Proposed Offering”	: the proposed issue and offer for subscription of the Offer Shares for a maximum aggregate offering price of US\$100 million at the Offer Price to prospective investors in U.S., who will be Independent Third Party
“REIT”	: real estate investment trust

“Share(s)”	:	ordinary Share(s) in the share capital of the Company
“Shareholder(s)”	:	the holder(s) of the Shares
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	:	The Hong Kong Code on Takeovers and Mergers, as amended, supplemented or otherwise modified from time to time
“U.S.” or “United States”	:	the United States of America
“Underwriter” or “Wunderlich”	:	Wunderlich Securities, Inc., a brokerage firm offers equity sales and trading services and investment banking services such as mergers and acquisitions advisory; restructuring; recapitalizations; underwriting; and private placements
“Underwriting Agreement”	:	the underwriting agreement relating to the Proposed Offering and to be entered into by, among others, GMR and the Underwriter
“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, 5 April 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 Dr. Liu Qiao, Mr. Liu Da and Mr. Ma Yuntao.