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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)

### **DISCLOSEABLE TRANSACTION**

On 19 April 2016 (U.S. time), GMR and the Vendors entered into the Agreement, under which the Vendors have agreed to sell, and GMR has agreed to acquire, the Medical Facility for consideration of approximately US\$9,201,000 (approximately HK\$71,369,000).

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 19 April 2016 (U.S. time), GMR has entered into the Agreement with the Vendors. Pursuant to the Agreement, the Vendors shall sell and GMR shall acquire a 17,000 square-foot medical office building located at 1802 Paper Mill Road, Wyomissing, PA 19610 (“**Eye Center**”) and a 6,500 square-foot eye surgery center located at 2220 Ridgewood Road, Wyomissing, PA 19610 (“**Surgery Center**”) in the United States (collectively “**Medical Facility**”), for an aggregate consideration of approximately US\$9,201,000 (approximately HK\$71,369,000).

### **THE AGREEMENT**

Set out below are the major terms of the Agreement:

Date of Agreement: 19 April 2016 (U.S. time)

Vendors: Paper Mill Partners, L.P. and Ridgewood Surgery Center, L.P., both Pennsylvania limited partnerships, to the best knowledge, information and belief of the Board, and after making all reasonable enquiries, the Vendors 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: Approximately US\$9,201,000 (approximately HK\$71,369,000) payable in cash

Date of completion: on or before 18 June 2016 or such other later date as may be agreed between the parties in writing.

Terms of Payments: (a) a sum of US\$50,000 will be paid by GMR to the Vendors by 26 April 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: GMR is entitled to perform due diligence review procedures on the Medical Facility for a period of 40 days from the date of the Agreement (“**Due Diligence Period**”) and shall have the right to terminate the Agreement by written notice to the Vendors in the event GMR, in its sole discretion, is not satisfied with the Medical Facility for any reason.

The Medical Facility consists a 6,500 square-foot eye surgery center and 17,000 square-foot medical office building (including land, buildings, and above-ground parking) located in Wyomissing, Pennsylvania, in the Reading, Pennsylvania metro area. The Surgery Center, built in 2010, would be leased to Ridgewood Surgery Associates LLC with initial annual rental income of approximately US\$449,000 (approximately HK\$3,487,000) and the Eye Center, built in 2010, would be leased back to Berks Eye Physicians & Surgeons, Ltd. with initial annual rental income of approximately US\$241,000 (approximately HK\$1,866,000), both will under a triple-net

master lease agreement that would expire in 2026, subject to two successive five-year renewal options for the tenant at the then prevailing market rental rates on the same terms as the initial lease.

The Directors having consider (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, that the Consideration, which was arrived at after arm's length negotiations between the Purchaser and the Vendors. In determining the Consideration, the Board had also taken into consideration the Medical Facility will generate rental income of approximately US\$690,000 (approximately HK\$5,353,000) per year for the Group, representing a rental yield of 7.5% p.a.. As such, the Board considers that the Consideration 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 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\$6,000,000 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 Vendors pursuant to the Agreement
- “Agreement” : The asset purchase agreement in relation to the Acquisition entered into among GMR and the Vendors on 19 April 2016 (U.S. time)
- “Board” : the board of Directors
- “Company” : ZH International Holdings 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 99.9%-owned subsidiary of the Company, the shares of which are listed on the 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 Vendors’ 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 Vendors in and to the Real Property;
  - (iv) all fixtures owned by Vendors located on the Real Property and used in connection with the Medical

- Facility; and
- (v) all licenses, permits and warranties benefiting the Medical Facility that are held in Vendors' name.
- “Shareholder(s)” : shareholder(s) of the Company
- “Stock Exchange” : The Stock Exchange of Hong Kong Limited
- “Vendors” : Paper Mill Partners, L.P. and Ridgewood Surgery Center, L.P.
- “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, 21 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.*