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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)**

**MAJOR TRANSACTIONS  
ACQUISITIONS OF LAND USE RIGHTS  
IN HENAN, THE PRC  
AND  
FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER**

A letter from the Board is set out on pages 7 to 21 of this circular.

18 January 2017

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## DEFINITIONS

*The following expressions in this circular have the meanings set out below unless the content requires otherwise:*

“Acquisitions”	:	the First Acquisition, the Second Acquisition, the Third Acquisition and the Fourth Acquisition
“associate(s)”	:	has the meaning ascribed to it under the Listing Rules
“Auction(s)”	:	the public auction(s) held by Land and Resources Bureau of Zhengzhou City at which the First Land Parcel, the Second Land Parcel, the Third Land Parcel and the Fourth Land Parcel were offered for sale, respectively
“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
“connected person(s)”	:	has the meaning ascribed to it under the Listing Rules
“Consideration of First Land Parcel”	:	RMB802,000,000, being the price for the First Acquisition of the land use rights of the First Land Parcel
“Consideration of Second Land Parcel”	:	RMB348,340,000, being the price for the Second Acquisition of the land use rights of the Second Land Parcel
“Consideration of Third Land Parcel”	:	RMB610,870,000, being the price for the Third Acquisition of the land use rights of the Third Land Parcel
“Consideration of Fourth Land Parcel”	:	RMB346,580,000, being the price for the Fourth Acquisition of the land use rights of the Fourth Land Parcel
“Controlling Shareholder”	:	Joy Town Inc., a company controlled by Ms. Huang, directly holds 3,579,612,209 Shares of the Company, representing approximately 57.95% of the existing issued shares capital of the Company
“Director(s)”	:	the director(s) of the Company

## DEFINITIONS

- “Financial Assistance” : Zensun has agreed to provide, upon Henan Xinghan’s request, unsecured loan(s) of RMB802,000,000, RMB348,340,000, RMB610,870,000 and RMB346,580,000 for a duration of two years pursuant to the First Loan Agreement, the Second Loan Agreement, the Third Loan Agreement and the Fourth Loan Agreement, collectively and respectively
- “First Acquisition” : the acquisition of land use rights of the First Land Parcel through public bidding process at the Auction held on 23 November 2016
- “First Confirmation Letter” : the confirmation letter of land transaction by auction\* (成交確認書) issued on 25 November 2016 by Land and Resources Bureau of Zhengzhou City to Henan Xinghan confirming the First Acquisition at the Auction
- “First Land Parcel” : a piece of land located at the junction of north of Hanghai Dong Road\* (航海東路以北) and west of the 17th Street, Jingkai District\* (經開第十七大街以西) of Zhengzhou City, Henan Province, the PRC with a total site area of approximately 55,631.14 square meters and a permitted plot ratio below 3.5 which was offered for sale at the Auction held on 23 November 2016
- “First Land Use Rights Grant Contract” : the land use rights grant contract entered into between Henan Xinghan and Land and Resources Bureau of Zhengzhou City in respect of First Land Parcel on 9 December 2016 and any supplemental agreement thereof
- “First Loan Agreement” : the loan agreement entered into between Henan Xinghan and Zensun on 23 November 2016 and any supplemental agreement thereof to provide unsecured loan(s) of RMB802,000,000 for a duration of two years. Such loan(s) will be available for drawdown by Henan Xinghan in accordance with actual needs within two years from the date of the First Loan Agreement at an interest rate of not more than 4% per annum on the loan(s) actually drawdown

## DEFINITIONS

- “Fourth Acquisition” : the acquisition of land use rights of the Fourth Land Parcel through public bidding process at the Auction held on 23 December 2016
- “Fourth Confirmation Letter” : the confirmation letter of land transaction by auction issued on 26 December 2016 by Land and Resources Bureau of Zhengzhou City to Henan Xinghan confirming the Fourth Acquisition at the Auction
- “Fourth Land Parcel” : a piece of land located at the junction of north of Lv Da Road\* (綠達路以北) and east of Hong Song Road\* (紅松路以東) of Zhengzhou City, Henan Province, the PRC with a total site area of approximately 89,024.83 square meters and a permitted plot ratio between 1.1 and 2.2 which was offered for sale at the Auction held on 23 December 2016
- “Fourth Land Use Rights Grant Contract” : the land use rights grant contract entered into between Henan Xinghan and Land and Resources Bureau of Zhengzhou City in respect of Fourth Land Parcel on 4 January 2017 and any supplemental agreement thereof
- “Fourth Loan Agreement” : the loan agreement entered into between Henan Xinghan and Zensun on 23 December 2016 and any supplemental agreement thereof to provide unsecured loan(s) of RMB346,580,000 for a duration of two years. Such loan(s) will be available for drawdown by Henan Xinghan in accordance with actual needs within two years from the date of the Fourth Loan Agreement at an interest rate of not more than 4% per annum on the loan(s) actually drawdown
- “Group” : the Company and its subsidiaries from time to time
- “Henan Xinghan” : Henan Xinghan Zensun Company Limited\* (河南興漢正商置業有限公司), a company incorporated in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
- “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

## DEFINITIONS

- “Independent Third Party” : a third party independent of the Company and the connected persons of the Company
- “Land and Resources Bureau of Zhengzhou City” : Land and Resources Bureau of Zhengzhou City\* (鄭州市國土資源局)
- “Land Parcels” : the First Land Parcel, the Second Land Parcel, the Third Land Parcel and the Fourth Land Parcel
- “Latest Practicable Date” : 12 January 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
- “Listing Rules” : Rules Governing the Listing of Securities on the Stock Exchange
- “Mr. Zhang” : Mr. Zhang Jingguo, the chairman, chief executive officer and executive Director of the Company
- “Ms. Huang” : Ms. Huang Yanping, the non-executive Director and a Controlling Shareholder of the Company
- “PRC” : the People’s Republic of China, which shall, for the purposes of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
- “PRC Governmental Body” : has the meaning ascribed to it under the Listing Rules
- “PRC law” : has the meaning ascribed to it under the Listing Rules
- “RMB” : Renminbi, the lawful currency of the PRC
- “Second Acquisition” : the acquisition of land use rights of the Second Land Parcel through public bidding process at the Auction held on 9 December 2016
- “Second Confirmation Letter” : the confirmation letter of land transaction by auction issued on 12 December 2016 by Land and Resources Bureau of Zhengzhou City to Henan Xinghan confirming the Second Acquisition at the Auction

## DEFINITIONS

- “Second Land Parcel” : a piece of land located at the junction of north of Lv Da Road\* 綠達路以北 and west of Liu Xiu Road\* 毓秀路以西 of Zhengzhou City, Henan Province, the PRC with a total site area of approximately 94,426.1 square meters and a permitted plot ratio between 1.1 and 2.0 which was offered for sale at the Auction held on 9 December 2016
- “Second Land Use Rights Grant Contract” : the land use rights grant contract entered into between Henan Xinghan and Land and Resources Bureau of Zhengzhou City in respect of Second Land Parcel on 23 December 2016 and any supplemental agreement thereof
- “Second Loan Agreement” : the loan agreement entered into between Henan Xinghan and Zensun on 9 December 2016 and any supplemental agreement thereof to provide unsecured loan(s) of RMB348,340,000 for a duration of two years. Such loan(s) will be available for drawdown by Henan Xinghan in accordance with actual needs within two years from the date of the Second Loan Agreement at an interest rate of not more than 4% per annum on the loan(s) actually drawdown
- “SFO” : the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
- “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
- “Third Acquisition” : the acquisition of land use rights of the Third Land Parcel through public bidding process at the Auction held on 15 December 2016
- “Third Confirmation Letter” : the confirmation letter of land transaction by auction issued on 19 December 2016 by Land and Resources Bureau of Zhengzhou City to Henan Xinghan confirming the Third Acquisition at the Auction

## DEFINITIONS

- “Third Land Parcel” : a piece of land located at the junction of south of Xin Cheng Road\* (新城路以南) and east of Yu Le Road\* (娛樂路以東) of Zhengzhou City, Henan Province, the PRC with a total site area of approximately 98,973.44 square meters and a permitted plot ratio between 1.0 and 3.0 which was offered for sale at the Auction held on 15 December 2016
- “Third Land Use Rights Grant Contract” : the land use rights grant contract entered into between Henan Xinghan and Land and Resources Bureau of Zhengzhou City in respect of Third Land Parcel on 30 December 2016 and any supplemental agreement thereof
- “Third Loan Agreement” : the loan agreement entered into between Henan Xinghan and Zensun on 15 December 2016 and any supplemental agreement thereof to provide unsecured loan(s) of RMB610,870,000 for a duration of two years. Such loan(s) will be available for drawdown by Henan Xinghan in accordance with actual needs within two years from the date of the Third Loan Agreement at an interest rate of not more than 4% per annum on the loan(s) actually drawdown
- “Total Consideration” : RMB2,107,790,000, being the aggregate of Consideration of First Land Parcel, Consideration of Second Land Parcel, Consideration of Third Land Parcel and Consideration of Fourth Land Parcel
- “U.S.” or “United States” : the United States of America
- “Zensun” : Zensun Real Estate Co., Ltd\* (河南正商置業有限公司), a company incorporated in the PRC with limited liability and ultimately controlled by Ms. Huang
- “%” : per cent.

*The English names of Chinese entities marked with “\*” are translations of their Chinese names and are included in this circular for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

\* For identification purposes only





**ZH INTERNATIONAL HOLDINGS LIMITED**

**正恒國際控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 185)**

*Executive Directors:*

Mr. Zhang Jingguo

*(Chairman and Chief Executive Officer)*

Mr. Zhang Guoqiang

Mr. Eric Jackson Chang

*Registered and principal office:*

24/F., Wyndham Place,

40–44 Wyndham Street,

Central, Hong Kong

*Non-executive Director:*

Ms. Huang Yanping

*Independent Non-executive Directors:*

Dr. Liu Qiao

Mr. Liu Da

Mr. Ma Yuntao

18 January 2017

*To the Shareholders (for information only),*

Dear Sir or Madam,

**MAJOR TRANSACTIONS  
ACQUISITIONS OF LAND USE RIGHTS  
IN HENAN, THE PRC  
AND**

**FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER**

**INTRODUCTION**

Reference is made to the announcements of the Company dated 24 November 2016, 9 December 2016, 15 December 2016 and 23 December 2016 in related to the Acquisitions.

The Board is pleased to announce that Henan Xinghan, an indirect wholly owned subsidiary of the Company, has been successful in the bidding of land use rights of the First Land Parcel, the Second Land Parcel, the Third Land Parcel and the Fourth Land Parcel through listings for sale process in the Auctions held by Land and Resources Bureau of Zhengzhou City for transfer of state-owned land use rights for a consideration of RMB802,000,000 on 23 November 2016, for a consideration of RMB348,340,000 on 9 December 2016, for a consideration of RMB610,870,000 on 15 December 2016, and for a consideration of RMB346,580,000 on 23 December 2016, respectively.

## LETTER FROM THE BOARD

### First Land Parcel

The First Land Parcel is located at the junction of north of Hanghai Dong Road\* (航海東路以北) and west of the 17th Street, Jingkai District\* (經開第十七大街以西) of Zhengzhou City, Henan Province, the PRC with a site area of 55,631.14 square meters and a permitted plot ratio below 3.5. The First Land Parcel is designated for commercial usage with the term for 40 years. A sum of RMB240,000,000 has been paid as the security deposit for the Auction. The First Confirmation Letter of land transaction by Auction has been issued by Land and Resources Bureau of Zhengzhou City to Henan Xinghan on 25 November 2016 and the First Land Use Rights Grant Contract in relation to the First Acquisition has been entered into between Henan Xinghan and Land and Resources Bureau of Zhengzhou City on 9 December 2016.

The Board further announces that on 23 November 2016, Zensun entered into the First Loan Agreement with Henan Xinghan to provide Financial Assistance to Henan Xinghan of RMB802,000,000 for a duration of two years.

As one or more of the applicable percentage ratios calculated in respect of the First Acquisition are more than 25% but less than 100%, the First Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Since the First Acquisition (i) involves an acquisition of governmental land in the PRC from a PRC Governmental Body through an auction governed by PRC Law; and (ii) is undertaken on a sole basis by the Group in its ordinary and usual course of business, the First Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, the First Acquisition is only subject to reporting and announcement requirements and is exempt from shareholders' approval requirements pursuant to Rule 14.33A of the Listing Rules.

The purpose of this circular is to provide you with, among other things, further details of the First Acquisition and such other information as required under the Listing Rules.

### THE FIRST CONFIRMATION LETTER

Date	:	25 November 2016
Parties	:	Henan Xinghan, an indirect wholly-owned subsidiary of the Company;  Land and Resources Bureau of Zhengzhou City
Code of the land parcel	:	2016-012

## LETTER FROM THE BOARD

Consideration : RMB802,000,000, which was arrived at after bidding at the Auction held by Land and Resources Bureau of Zhengzhou City. A sum of RMB240,000,000 has been paid by Henan Xinghan as the security deposit for the Auction. The details of the payment terms of the Consideration of the First Land Parcel are set out in the First Land Use Rights Grant Contract.

### MAJOR TERMS OF THE FIRST LAND USE RIGHTS GRANT CONTRACT

Date : 9 December 2016

Parties : Land and Resources Bureau of Zhengzhou City (as transferor);  
Henan Xinghan, an indirect wholly-owned subsidiary of the Company (as transferee)

Location of the land parcel : at the junction of north of Hanghai Dong Road\* (航海東路以北) and west of the 17th Street, Jingkai District\* (經開第十七大街以西) of Zhengzhou City, Henan Province, the PRC

Total site area : 55,631.14 square meters

Conditions of the land use rights : The permitted plot ratio shall be no more than 3.5

Nature of the land use rights : Commercial use

Term of the land use rights : 40 years

Payment terms of the consideration : (1) A sum of RMB240,000,000 has been paid by Henan Xinghan as the security deposit for the Auction  
(2) A sum of RMB161,000,000 is payable prior to 7 January 2017  
(3) The remaining amount of RMB401,000,000 is payable prior to 6 February 2017

Handover date: : On or before 8 March 2017

## LETTER FROM THE BOARD

Commencement of construction : On or before 8 December 2017

Completion of construction : On or before 8 December 2019.

It is currently expected that the First Land Parcel will be used for the property development for commercial usage. The estimated maximum construction gross floor area for the First Land Parcel will be approximately 194,708.99 square meters based on the permitted plot ratio. The capital commitment for this development project will be no less than RMB654.8 million. The development project for the First Land Parcel is expected to be constructed and completed altogether as a whole. The construction work of the First Land Parcel shall be subject to invitation tenders.

### **Second Land Parcel**

The Second Land Parcel is located at the junction of north of Lv Da Road\* (綠達路北) and west of Liu Xiu Road\* (毓秀路以西) of Zhengzhou City, Henan Province, the PRC with a site area of 94,426.1 square meters and a permitted plot ratio between 1.1 and 2.0. The Second Land Parcel is designated for residential usage with the term for 70 years. A sum of RMB174,200,000 has been paid as the security deposit for the Auction. The Second Confirmation Letter of land transaction by Auction has been issued by Land and Resources Bureau of Zhengzhou City to Henan Xinghan on 12 December 2016 and the Second Land Use Rights Grant Contract in relation to the Second Acquisition has been entered into between Henan Xinghan and Land and Resources Bureau of Zhengzhou City on 23 December 2016.

The Board further announces that on 9 December 2016, Zensun entered into the Second Loan Agreement with Henan Xinghan to provide Financial Assistance to Henan Xinghan of RMB348,340,000 for a duration of two years.

As one or more of the applicable percentage ratios calculated in respect of the Second Acquisition are more than 25% but less than 100%, the Second Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Since the Second Acquisition (i) involves an acquisition of governmental land in the PRC from a PRC Governmental Body through an auction governed by PRC Law; and (ii) is undertaken on a sole basis by the Group in its ordinary and usual course of business, the Second Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, the Second Acquisition is only subject to reporting and announcement requirements and is exempt from shareholders' approval requirements pursuant to Rule 14.33A of the Listing Rules.

The purpose of this circular is to provide you with, among other things, further details of the Second Acquisition and such other information as required under the Listing Rules.

## LETTER FROM THE BOARD

### THE SECOND CONFIRMATION LETTER

Date	:	12 December 2016
Parties	:	Henan Xinghan, an indirect wholly-owned subsidiary of the Company;  Land and Resources Bureau of Zhengzhou City
Code of the land parcel	:	2016-114
Consideration	:	RMB348,340,000, which was arrived at after bidding at the Auction held by Land and Resources Bureau of Zhengzhou City. A sum of RMB174,200,000 has been paid by Henan Xinghan as the security deposit for the Auction. The details of the payment terms of the Consideration of the Second Land Parcel are set out in the Second Land Use Rights Grant Contract.

### MAJOR TERMS OF THE SECOND LAND USE RIGHTS GRANT CONTRACT

Date	:	23 December 2016
Parties	:	Land and Resources Bureau of Zhengzhou City (as transferor);  Henan Xinghan, an indirect wholly-owned subsidiary of the Company (as transferee)
Location of the land parcel	:	at the junction of north of Lv Da Road* (綠達路以北) and west of Liu Xiu Road* (毓秀路以西) of Zhengzhou City, Henan Province, the PRC
Total site area	:	94,426.1 square meters
Conditions of the land use rights	:	The permitted plot ratio shall be between 1.1 and 2.0
Nature of the land use rights	:	Residential use
Term of the land use rights	:	70 years

## LETTER FROM THE BOARD

- Payment terms of the consideration : (1) A sum of RMB174,200,000 has been paid by Henan Xinghan as the security deposit for the Auction
- (2) the remaining amount of the Consideration of Second Land Parcel is payable prior to 21 February 2017
- Handover date: : On or before 21 March 2017
- Commencement of construction : On or before 23 December 2017
- Completion of construction : On or before 23 June 2020

It is currently expected that the Second Land Parcel will be used for the property development for residential usage. The estimated maximum construction gross floor area for the Second Land Parcel will be approximately 188,852.2 square meters. The capital commitment for this development project will be no less than RMB1,070.8 million. The development project for the Second Land Parcel is expected to be constructed and completed altogether as a whole. The construction work of the Second Land Parcel shall be subject to invitation tenders.

### **Third Land Parcel**

The Third Land Parcel is located at the junction of south of Xin Cheng Road\* (新城路以南) and east of Yu Le Road\* (娛樂路以東) of Zhengzhou City, Henan Province, the PRC with a site area of 98,973.44 square meters and a permitted plot ratio between 1.0 and 3.0. The Third Land Parcel is designated for residential usage with the term for 70 years. A sum of RMB305,500,000 has been paid as the security deposit for the Auction. The Third Confirmation Letter of land transaction by Auction has been issued by Land and Resources Bureau of Zhengzhou City to Henan Xinghan on 19 December 2016 and the Third Land Use Rights Grant Contract in relation to the Third Acquisition has been entered into between Henan Xinghan and Land and Resources Bureau of Zhengzhou City on 30 December 2016.

The Board further announces that on 15 December 2016, Zensun entered into the Third Loan Agreement with Henan Xinghan to provide Financial Assistance to Henan Xinghan of RMB610,870,000 for a duration of two years.

As one or more of the applicable percentage ratios calculated in respect of the Third Acquisition are more than 25% but less than 100%, the Third Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Since the Third Acquisition (i) involves an acquisition of governmental land in the PRC from a PRC Governmental Body through an auction governed by PRC Law; and (ii) is undertaken on a

## LETTER FROM THE BOARD

sole basis by the Group in its ordinary and usual course of business, the Third Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, the Third Acquisition is only subject to reporting and announcement requirements and is exempt from shareholders' approval requirements pursuant to Rule 14.33A of the Listing Rules.

The purpose of this circular is to provide you with, among other things, further details of the Third Acquisition and such other information as required under the Listing Rules.

### THE THIRD CONFIRMATION LETTER

Date : 19 December 2016

Parties : Henan Xinghan, an indirect wholly-owned subsidiary of the Company;  
Land and Resources Bureau of Zhengzhou City

Code of the land parcel : 2016-127

Consideration : RMB610,870,000, which was arrived at after bidding at the Auction held by Land and Resources Bureau of Zhengzhou City. A sum of RMB305,500,000 has been paid by Henan Xinghan as the security deposit for the Auction. The details of the payment terms of the Consideration of the Third Land Parcel are set out in the Third Land Use Rights Grant Contract.

### MAJOR TERMS OF THE THIRD LAND USE RIGHTS GRANT CONTRACT

Date : 30 December 2016

Parties : Land and Resources Bureau of Zhengzhou City (as transferor);  
Henan Xinghan, an indirect wholly-owned subsidiary of the Company (as transferee)

Location of the land parcel : at the junction of south of Xin Cheng Road\* (新城路以南) and east of Yu Le Road\* (娛樂路以東) of Zhengzhou City, Henan Province, the PRC

Total site area : 98,973.44 square meters

Conditions of the land use rights : The permitted plot ratio shall be between 1.0 and 3.0

## LETTER FROM THE BOARD

Nature of the land use rights	:	Residential use
Term of the land use rights	:	70 years
Payment terms of the consideration	:	(1) A sum of RMB305,500,000 has been paid by Henan Xinghan as the security deposit for the Auction  (2) the remaining amount of the Consideration of Third Land Parcel is payable prior to 28 February 2017
Handover date:	:	On or before 29 March 2017
Commencement of construction	:	On or before 30 December 2017
Completion of construction	:	On or before 30 June 2020

It is currently expected that the Third Land Parcel will be used for the property development for residential usage. The estimated maximum construction gross floor area for the Third Land Parcel will be approximately 296,920.32 square meters. The capital commitment for this development project will be no less than RMB1,732.2 million. The development project for the Third Land Parcel is expected to be constructed and completed altogether as a whole. The construction work of the Third Land Parcel shall be subject to invitation tenders.

### **Fourth Land Parcel**

The Fourth Land Parcel is located at the junction of north of Lv Da Road\* (綠達路以北) and east of Hong Song Road\* (紅松路以東) of Zhengzhou City, Henan Province, the PRC with a site area of 89,024.83 square meters and a permitted plot ratio between 1.1 and 2.2. The Fourth Land Parcel is designated for residential usage with the term for 70 years. A sum of RMB173,300,000 has been paid as the security deposit for the Auction. The Fourth Confirmation Letter of land transaction by Auction has been issued by Land and Resources Bureau of Zhengzhou City to Henan Xinghan on 26 December 2016 and the Fourth Land Use Rights Grant Contract in relation to the Fourth Acquisition has been entered into between Henan Xinghan and Land and Resources Bureau of Zhengzhou City on 4 January 2017.



## LETTER FROM THE BOARD

The Board further announces that on 23 December 2016, Zensun entered into the Fourth Loan Agreement with Henan Xinghan to provide Financial Assistance to Henan Xinghan of RMB346,580,000 for a duration of two years.

As one or more of the applicable percentage ratios calculated in respect of the Fourth Acquisition are more than 25% but less than 100%, the Fourth Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Since the Fourth Acquisition (i) involves an acquisition of governmental land in the PRC from a PRC Governmental Body through an auction governed by PRC Law; and (ii) is undertaken on a sole basis by the Group in its ordinary and usual course of business, the Fourth Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, the Fourth Acquisition is only subject to reporting and announcement requirements and is exempt from shareholders' approval requirements pursuant to Rule 14.33A of the Listing Rules.

The purpose of this circular is to provide you with, among other things, further details of the Fourth Acquisition and such other information as required under the Listing Rules.

### THE FOURTH CONFIRMATION LETTER

Date : 26 December 2016

Parties : Henan Xinghan, an indirect wholly-owned subsidiary of the Company;  
Land and Resources Bureau of Zhengzhou City

Code of the land parcel : 2016-143

Consideration : RMB346,580,000, which was arrived at after bidding at the Auction held by Land and Resources Bureau of Zhengzhou City. A sum of RMB173,300,000 has been paid by Henan Xinghan as the security deposit for the Auction. The details of the payment terms of the Consideration of the Fourth Land Parcel are set out in the Fourth Land Use Rights Grant Contract.

### MAJOR TERMS OF THE FOURTH LAND USE RIGHTS GRANT CONTRACT

Date : 4 January 2017

Parties : Land and Resources Bureau of Zhengzhou City (as transferor);  
Henan Xinghan, an indirect wholly-owned subsidiary of the Company (as transferee)

## LETTER FROM THE BOARD

Location of the land parcel	:	at the junction of north of Lv Da Road* (綠達路以北) and east of Hong Song Road* (紅松路以東) of Zhengzhou City, Henan Province, the PRC
Total site area	:	89,024.83 square meters
Conditions of the land use rights	:	The permitted plot ratio shall be between 1.1 and 2.2
Nature of the land use rights	:	Residential use
Term of the land use rights	:	70 years
Payment terms of the consideration	:	(1) A sum of RMB173,300,000 has been paid by Henan Xinghan as the security deposit for the Auction  (2) the remaining amount of the Consideration of Fourth Land Parcel is payable prior to 5 March 2017
Handover date:	:	On or before 3 April 2017
Commencement of construction	:	On or before 4 January 2018
Completion of construction	:	On or before 4 July 2020

It is currently expected that the Fourth Land Parcel will be used for the property development for residential usage. The estimated maximum construction gross floor area for the Fourth Land Parcel will be approximately 195,854.63 square meters. The capital commitment for this development project will be no less than RMB1,068.8 million. The development project for the Fourth Land Parcel is expected to be constructed and completed altogether as a whole. The construction work of the Fourth Land Parcel shall be subject to invitation tenders.

### FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDER

On 23 November 2016, Zensun, a company ultimately controlled by Ms. Huang who is a Director and Controlling Shareholder of the Company, entered into the First Loan Agreement with Henan Xinghan pursuant to which Zensun has agreed to provide, upon

## LETTER FROM THE BOARD

Henan Xinghan's request, unsecured loan(s) of RMB802,000,000 for a duration of two years from the date of the First Loan Agreement. Such loan(s) will be available for drawdown by Henan Xinghan in accordance with actual needs within two years from the date of the First Loan Agreement at an interest rate no more than 4% per annum on the loan(s) actually drawdown. The proceeds from the Financial Assistance will be used to finance the First Acquisition and the development of the First Land Parcel.

On 9 December 2016, Zensun entered into the Second Loan Agreement with Henan Xinghan pursuant to which Zensun has agreed to provide, upon Henan Xinghan's request, unsecured loan(s) of RMB348,340,000 for a duration of two years from the date of the Second Loan Agreement. Such loan(s) will be available for drawdown by Henan Xinghan in accordance with actual needs within two years from the date of the Second Loan Agreement at an interest rate no more than 4% per annum on the loan(s) actually drawdown. The proceeds from the Financial Assistance will be used to finance the Second Acquisition and the development of the Second Land Parcel.

On 15 December 2016, Zensun entered into the Third Loan Agreement with Henan Xinghan pursuant to which Zensun has agreed to provide, upon Henan Xinghan's request, unsecured loan(s) of RMB610,870,000 for a duration of two years from the date of the Third Loan Agreement. Such loan(s) will be available for drawdown by Henan Xinghan in accordance with actual needs within two years from the date of the Third Loan Agreement at an interest rate no more than 4% per annum on the loan(s) actually drawdown. The proceeds from the Financial Assistance will be used to finance the Third Acquisition and the development of the Third Land Parcel.

On 23 December 2016, Zensun entered into the Fourth Loan Agreement with Henan Xinghan pursuant to which Zensun has agreed to provide, upon Henan Xinghan's request, unsecured loan(s) of RMB346,580,000 for a duration of two years from the date of the Fourth Loan Agreement. Such loan(s) will be available for drawdown by Henan Xinghan in accordance with actual needs within two years from the date of the Fourth Loan Agreement at an interest rate no more than 4% per annum on the loan(s) actually drawdown. The proceeds from the Financial Assistance will be used to finance the Fourth Acquisition and the development of the Fourth Land Parcel.

As Ms. Huang is a Director and Controlling Shareholder of the Company, each of the Financial Assistance will constitute a connected transaction in the form of financial assistance from Zensun in favour of Henan Xinghan. However, as the Financial Assistance is not secured by any assets of the Group, and as the Directors consider that the Financial Assistance is on normal commercial terms or better, the Financial Assistance is fully-exempted from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

### REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group is principally engaged in property development, property investment, hotel operations and securities trading and investment. The Board believes that the Acquisitions complement the Group's strategy in expanding its development in Henan Province, the PRC.

## LETTER FROM THE BOARD

The Directors further consider that the Acquisitions are transactions of revenue nature carried out in the ordinary and usual course of business and are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Company will continue to seek viable business opportunities in accordance with its overall strategy. The Company will make use of the Group's financial, human and technological resources to enhance its portfolio, asset base and brand image.

### INFORMATION OF THE PARTIES

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

Henan Xinghan is a company established in the PRC, an indirect wholly-owned subsidiary of the Company and is a property development company. Zensun is a company established in the PRC and ultimately controlled by Ms. Huang who is a Director and Controlling Shareholder of the Company.

Land and Resources Bureau of Zhengzhou City, the seller of First Land Parcel, Second Land Parcel, Third Land Parcel and the Fourth Land Parcel, is a PRC Governmental Body and is responsible for, among other things, administering the examination and approval of land planning, assignment and transfer of the land use rights of the state-owned land in Zhengzhou City, the PRC, and the issue of various types of land certificates. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Land and Resources Bureau of Zhengzhou City and its ultimate beneficial owners are third parties independent of the Group and its connected persons.

### FINANCIAL EFFECTS OF THE ACQUISITIONS OF THE COMPANY

As the Group will finance the Total Consideration with Financial Assistance from the Controlling Shareholder, the total assets and the total liabilities of the Group will be increased by approximately RMB802,000,000 accordingly upon the completion of the First Acquisition, approximately RMB348,340,000 accordingly upon the completion of the Second Acquisition, approximately RMB610,870,000 accordingly upon the completion of the Third Acquisition, and approximately RMB346,580,000 accordingly upon the completion of the Fourth Acquisition. Save for the aforesaid effects from the Acquisitions, the Company considers that there will not be any material effect on the earnings of the Group immediately upon the Acquisitions. In view of the future prospects of the property market in Henan Province, the PRC, it is anticipated that the Acquisitions will improve the Group's trading prospects in the future and the Directors consider the Acquisitions will contribute to the revenue and earnings base of the Group upon completion of these property projects but the quantification of such contribution will depend on the future performance of the Group.

### FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Following completion of the Acquisitions, the Group will continue to be principally engaged in the business of property development, real estate investment and

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management, hotel operation, and look for investment opportunities which strengthen profitability under the acceptable risk in Hong Kong and overseas markets.

### **The PRC**

The Company will leverage on the PRC property development and investment experience of its management team to seek to develop suitable projects with potential to deliver value to our Shareholders. In addition to existing business partner, the Company will continue to seek potential partners' cooperation to explore capital resources, reduce capital investment at an early stage and facilitate project development. The management remains cautiously optimistic on the long-term prospects of the real estate industry and will quicken its property development and sales of its development projects in the PRC through making use of its own advantages and leveraging on the national network and business resources of Zensun. The synergistic effect brought by Zensun will improve the position of the Group in the real estate industry in China.

### **The U.S.**

In the U.S., the Group has 14.8% equity interest in a New York Stock Exchange ("NYSE") listed REIT, namely Global Medical REIT Inc. ("GMR") and 99% equity interest in an U.S. Over-The-Counter ("OTC") listed REIT, namely American Housing REIT Inc. ("AHR") which are managed by Inter-American Management, LLC ("IAM"), the 85%-owned REIT management arm of the Group, led by a specialised team of highly experienced professionals with deep knowledge in the U.S. real estate market.

#### *1. GMR*

The Group's percentage holding in the issued share capital of GMR was reduced to approximately 14.8% and the Group will continue providing management services and receiving recurring management fees directly to and from GMR pursuant to the management agreement between GMR and IAM. It is expected that the offer and sale of GMR's common stock in its upgrade of listing on the NYSE (the "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.

#### *2. AHR*

AHR was listed on the OTC in 2010. AHR is currently 99%-controlled by the Company which owns a portfolio of single-family rentals primarily in Texas, Florida, Georgia and North Carolina, and seeks to pay a higher-than-average annualised yield quarterly.

### **Other operations**

The Group remains cautious about Singapore property market and does not expect to make a material investment in this market in the foreseeable future. For the non-core Japan hotel operation, while the Group is seeking potential buyers to dispose the hotels or

## LETTER FROM THE BOARD

operation to enable the Group to deploy its resources in the most efficient way, it is now actively seeking ways to enhance its overall profitability with a view to enabling the operations to be self-sustainable.

### Overall

The Company will make use of the Group's financial, human and technological resources to enhance its portfolio, asset base and brand image.

### LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in respect of the each of the Acquisitions are more than 25% but less than 100%, each of the Acquisitions constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Since each of the Acquisitions (i) involves an acquisition of governmental land in the PRC from a PRC Governmental Body through an auction governed by PRC Law; and (ii) is undertaken on a sole basis by the Group in its ordinary and usual course of business, each of the Acquisitions is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules. Hence, the Acquisitions are only subject to reporting and announcement requirements and are exempt from shareholders' approval requirements pursuant to Rule 14.33A of the Listing Rules.

As Ms. Huang is a Director and Controlling Shareholder of the Company, each of the Financial Assistance will constitute a connected transaction in the form of financial assistance from Zensun in favour of Henan Xinghan. However, as the each of the Financial Assistance is not secured by any assets of the Group, and as the Directors consider that each of the Financial Assistance is on normal commercial terms or better, the Financial Assistance is fully-exempted from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

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 Acquisitions, no Shareholder would be required to abstain from voting if the Company is to convene a general meeting for approving the Acquisitions. However, in accordance with the Listing Rules, the Acquisitions are subject to reporting and announcement requirements but is exempt from Shareholders' approval requirements, the Company will not be required to convene an extraordinary general meeting for approving the Acquisitions.

### RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the First Confirmation Letter and the First Land Use Rights Grant Contract in respect of the First Acquisition; the terms of the Second Confirmation Letter and the Second Land Use Rights Grant Contract in respect of the Second Acquisition; the terms of the Third Confirmation Letter and the Third Land Use Rights Grant Contract in respect of the Third Acquisition; and the terms of the Fourth Confirmation Letter and the Fourth Land Use Rights Grant Contract in respect of the Fourth Acquisition are fair and

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reasonable and in the interests of the Company and its Shareholders as a whole. None of the Directors have any material interest in the Acquisitions, the First Land Use Rights Grant Contract or the Second Land Use Rights Grant Contract or the Third Land Use Rights Grant Contract or the Fourth Land Use Rights Grant Contract.

Accordingly, the Directors (including the independent non-executive Directors) would recommend the Shareholders to vote in favour of the resolution for approving the Acquisitions if an extraordinary general meeting of the Company is required to be held to consider and approve the Acquisitions.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

## 1. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Financial information of the Group for each of the two years ended 31 March 2014 and 2015 and nine months ended 31 December 2015 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.zhsuccess.com>):

- annual report of the Company for the year ended 31 March 2014 published on 28 July 2014 (pages 75 to 253);
- annual report of the Company for the year ended 31 March 2015 published on 29 July 2015 (pages 66 to 162); and
- annual report of the Company for the nine months ended 31 December 2015 published on 28 April 2016 (pages 60 to 169).

## 2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the expected completion of the Acquisitions and the financial resources and the banking facilities available to the Group (including the Financial Assistance) and in the absence of unforeseen circumstances, the Group will have sufficient working capital to meet its requirements for at least 12 months from the date of this circular.

## 3. INDEBTEDNESS STATEMENT

As at the close of business on 30 November 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group has outstanding borrowings of approximately HK\$458.7 million, comprising mortgage loans of approximately HK\$64.3 million, bank loans of approximately HK\$143.1 million and loans from related companies/ultimate holding company of approximately HK\$251.3 million. The Group's bank borrowings were secured by certain land and buildings, investment properties and bank deposits of the Group with carrying value of approximately HK\$1,260.9 million.

As at 30 November 2016, the Group provided guarantees in respect of mortgage facilities provided by domestic banks to certain property buyers amounting to approximately HK\$458.9 million. These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the buyers of the property; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage.

In addition, as at 30 November 2016, the Group provided a financial guarantee to a bank in respect of banking facilities granted to a company which is 90% owned by SingHaiyi Group Limited and 10% by the Group. The aggregate amount that could be required to be paid if the guarantee was called upon is approximately HK\$11.4 million.



Save as aforesaid and apart from the intra-group liabilities, as at the close of business on 30 November 2016, the Group did not have outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. INTERESTS OF DIRECTORS

### (a) Interest in the shares, underlying shares and debentures of the Company and its associated companies

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Nature of interests	Number of Shares held in the Company	Percentage of the issued share capital of the Company (Approximate %)
Mr. Zhang	Spousal Interest (Note 2)	3,579,612,209	57.95
Ms. Huang	Interest of controlled corporation (Note 1)	3,579,612,209	57.95

Notes:

- (1) These shares are owned by Joy Town Inc., which is wholly and beneficially owned by Ms. Huang.
- (2) Mr. Zhang is the spouse of Ms. Huang, he is deemed to be interested in 3,579,612,209 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

**(b) Interests in assets**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which has been, since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

**(c) Interests in contracts**

As at the Latest Practicable Date, no contracts or arrangements were subsisting in which a Director was materially interested and which were significant in relation to the business of the Group.

**(d) Interests in competing business**

As at the Latest Practicable Date, none of the Directors was interested in any business, which competed or was likely to compete, either directly or indirectly, with the Group's businesses except that Mr. Zhang and Ms. Huang are interested in Zensun and/or its subsidiaries/associated companies which are engaged in construction, property development and related business in the PRC.

As the Board of Directors of the Company is independent of the boards of these companies, the Company has therefore been capable of carrying on its businesses independently of, and at arm's length from, the above businesses.

**(e) Directors' service contracts**

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any member of the Group which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

### 3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

<b>Name of Shareholder</b>	<b>Nature of interests</b>	<b>Number of Shares held in the Company</b>	<b>Percentage of the issued share capital of the Company (Approximate %)</b>
Joy Town Inc.	Beneficial Owner (Note 1)	3,579,612,209	57.95
Chan Heng Fai	Beneficial owner (Note 2)	322,580,166	5.22
Chan Yoke Keow	Beneficial owner (Note 2)	322,580,166	5.22

Note:

- (1) Ms. Huang is the sole director and shareholder of Joy Town Inc.
- (2) These shares are owned by Chan Heng Fai and Chow Yoke Keow. Chan Heng Fai is the spouse of Chan Yoke Keow, they are deemed interest in the Shares held by each other.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executives of the Company were not aware of any person (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 4. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

**5. MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding up to and including the Latest Practicable Date:

- (a) On 9 December 2014, the Company entered into a placing agreement with BMI Securities Limited (“BMI”), whereby the Company has agreed to issue and BMI has agreed, on a best efforts basis, to act as placing agent to procure subscribers to subscribe for such number of series of 5.5% to 7.5% bonds in an aggregate principal amount of up to HK\$500 million due on the day immediately preceding the third to eight anniversary of their respective date(s) to be issued by the Company. As at the Latest Practicable Date, there is no bond in issue;
- (b) On 9 February 2015, Expats Residences Pte Ltd (“Expats”), a subsidiary of the Company has entered into an option to purchase agreement with an individual third party buyer (“Buyer”), pursuant to which Expats has agreed to offer to sell to the Buyer a residential unit located at 38 Dakota Crescent #14-09 Singapore 399938 for a consideration of S\$2,550,000. The offer was accepted by the Buyer on 17 February 2015 and completed in April 2015;
- (c) On 27 February 2015, the Company entered into an underwriting agreement with Mr. Chan Heng Fai (“Mr. Chan”), pursuant to which Mr. Chan has agreed to underwrite all offer shares other than those undertaken to be applied for by him and Heng Fai Holdings Limited under the Open Offer. The Underwriter’s commission was HK\$300,457.30, and details of the Open Offer was disclosed in the prospectus of the Company dated 26 March 2015;
- (d) On 25 March, 2015, China Credit Singapore Pte Ltd. (“CCSPL”), a subsidiary of the Company has entered into an option to purchase agreement with an individual third party buyer (“Buyer”), pursuant to which CCSPL has agreed to offer to sell to the Buyer the properties situated at No. 35 & No. 36 North Canal Road, Singapore 059291 and Singapore 059292 respectively at a consideration of S\$15,000,000. The offer was accepted by the Buyer on 15 April 2015 and completed in July 2015;
- (e) On 14 April 2015, Expats has entered into an option to purchase agreement with an individual third party buyer, pursuant to which Expats has agreed to offer to sell to the buyer a residential unit located at 40 Dakota Crescent #09-13 Singapore 399939 for a consideration of S\$2,530,000. The offer was accepted by the Buyer on 29 April 2015 and completed in July 2015;

- (f) On 3 August 2015, GMR entered into a sale and purchase agreement with Associates Properties, LP (supplemented on 4 September 2015), pursuant to which GMR has agreed to acquire and the vendor has agreed to dispose of, an office/surgery centre named as West Mifflin Office and Surgery Center located at 9970 Mountain View Drive, West Mifflin, Pennsylvania, United States for a purchase price of US\$10.75 million. The acquisition was completed in September 2015;
- (g) On 30 September 2015, GMR entered into a sale and purchase agreement with Star Medreal, LLC, pursuant to which GMR has agreed to acquire and the vendor has agreed to dispose of, a hospital named as Star Medical Center Hospital located at 4100 Mapleshade Lane, Plano, Texas 75075, United States for a purchase price of US\$17.5 million. The acquisition was completed on 28 January 2016;
- (h) On 2 October 2015, the Company entered into a sale and purchase agreement with Ms. Huang, pursuant to which Ms. Huang has agreed to dispose of and the Company has agreed to acquire of the entire interest in Vigor Capital Holdings Limited, which indirectly held a property development project in the PRC for a consideration of HK\$405 million to be satisfied by issuing of 1,350,000,000 ordinary shares of the Company to Ms. Huang's nominee, Joy Town Inc. The acquisition was completed on 24 November 2015;
- (i) On 6 October 2015, GMR entered into a sale and purchase agreement with R&K Healthcare Real Estate, L.L.C., pursuant to which GMR has agreed to acquire and the vendor has agreed to dispose of, a hospital named as Crescent Medical Centre located at 2600 West Pleasant Run Road, Lancaster, Texas 75146, United States, for a purchase price of US\$20.5 million. The acquisition was subsequently lapsed;
- (j) On 14 December, 2015, GMR entered into a sale and purchase agreement with 6 sellers, pursuant to which GMR has agreed to acquire and the sellers have agreed to dispose of, a six building, 52,266 square foot medical clinic portfolio for a purchase price of US\$20.0 million. Five of the facilities are located in Tennessee and one facility is located in Mississippi. The acquisition was completed on 31 December 2015;
- (k) On 8 January 2016, GMR entered into a sale and purchase agreement with Marina Towers LLC, pursuant to which, the vendor shall sell and GMR shall acquire a hospital named "Marina Towers" located at 709 South Harbor City Boulevard, Melbourne, Florida 32901, United States, for a purchase price of US\$15.5 million. The acquisition was completed on 31 March 2016;

- (l) On 23 February 2016, GMR entered into a sale and purchase agreement with Cherry Hills Real Estate, LLC, pursuant to which, the vendor shall sell and GMR shall acquire an ambulatory surgery center and medical office building located in Westland, Michigan, United States, for a purchase price of US\$4.75 million. The acquisition was completed on 31 March 2016;
- (m) On 19 April 2016, GMR entered into a sale and purchase agreement with Paper Mill Partners, L.P. and Ridgewood Surgery Center, L.P., pursuant to which, the vendors shall sell and GMR shall acquire a 17,000 square-foot medical office building and a 6,500 square-foot eye surgery center located at Wyomissing, United States, for an aggregate consideration of approximately US\$9.2 million. The acquisition was completed in July 2016;
- (n) On 12 May 2016, the Company entered into subscription agreements with 8 subscribers pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to the subscribers, an aggregate of 795,400,000 Shares in cash at subscription price of HK\$0.20 per subscription share, subject to a lock-up period of six months. The transaction was completed on 30 May 2016;
- (o) On 23 May 2016, the Company, Hotel Room Xpress Pte. Ltd., Heng Fung Capital Company Limited and Xpress Credit Limited entered into a share purchase agreement with Ernest W. Moody Revocable Trust whereby the Group has agreed to sell and the purchaser has agreed to purchase of 8,031,664 shares of RSI International Systems Inc. for cash consideration of approximately CAD1.49 million. The transaction was completed in June 2016; and
- (p) On 28 June 2016, GMR, IAM, Global Medical REIT LP, a Delaware limited partnership, and Wunderlich Securities, Inc., entered into a underwriting agreement in relation to the Offering.

## 6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Director were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statement of the Company were made up.

## 7. GENERAL

- (a) The registered and principal office of the Company is situated at 24/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong.
- (b) The share registrar of the Company is Tricor Friendly Limited, which is situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

- (c) The joint secretaries of the Company are Mr. Eric Jackson Chang, who is a member of Hong Kong Institute of Certified Public Accountants and American Institute of Certified Public Accountants and Mr. Yuen Ping Man, who is a fellow member of the Institute of Chartered Secretaries and Administrators (U.K.) and of the Hong Kong Institute of Chartered Secretaries.

#### 8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the principal place of business of the Company in Hong Kong, from the date of this circular, up to and including 9 February 2017.

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the year ended 31 March 2015 and nine months ended 31 December 2015;
- (c) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (d) a copy of each circular issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules which has been issued since the date of the latest published audited accounts; and
- (e) this circular.