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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 INCREASE OF SHAREHOLDING IN GMR**

#### **INCREASE OF SHAREHOLDING IN GMR**

The board (“**Board**”) of directors (“**Directors**”) of ZH International Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) would like to announce that on 14 December 2018 (US time), ZH USA, LLC (“**ZH USA**”), a wholly owned subsidiary of the Company, has increased its shareholding in Global Medical REIT, Inc. (“**GMR**”) by successfully subscribing 1,111,111 shares of new common stock of GMR (the “**GMR Shares**”) in an underwritten public offering (“**GMR Public Offering**”) at a total subscription amount of approximately US\$10 million at the public offering price of US\$9 per GMR Share (“**Share Subscription**”) by way of cash. Following the completion of the Share Subscription, the Group's shareholding in GMR increased from holding 2,604,500 GMR Shares (representing approximately 12% of total outstanding GMR Shares before the GMR Public Offering) to holding 3,715,611 GMR Shares (representing approximately 14% of total outstanding GMR Shares), assuming no exercise of the Underwriters' Option after the GMR Public Offering. The Share Subscription is funded by internal resources of the Group.

In the GMR Public Offering, GMR would offer and sell 3,500,000 new GMR Shares to the public at the public offering price of US\$9 per GMR Share, also with a 30-day option (the “**Underwriters' Option**”) granted to the underwriters to purchase up to an additional 525,000 new GMR Shares. Upon completion of the GMR Public Offering, the total outstanding GMR Shares will be 25,793,090 shares, assuming no exercise of the Underwriters' Option after the GMR Public Offering.

#### **INFORMATION OF GMR**

GMR is a New York Stock Exchange listed REIT, incorporated in Maryland, USA engaged primarily in the acquisition of licensed, state-of-the-art, purpose-built healthcare facilities and the leasing of these facilities to strong clinical operators with leading market

share. GMR's management team has significant healthcare, real estate and public real estate investment trust ("REIT") experience and has long-established relationships with a wide range of healthcare providers.

Based on the audited consolidated financial statements of GMR and its subsidiaries, prepared in accordance with the accounting principles generally accepted in the USA, the consolidated total asset value of GMR as at 31 December 2016 and 2017 amounted to approximately US\$227.3 million and US\$474.6 million, respectively. As at 30 September 2018, the published unaudited consolidated total asset value of GMR amounted to approximately US\$604.1 million.

The financial information of GMR for the years ended 31 December 2016 and 2017 are as follows:

	For the year ended 31 December 2016 US\$'000 (Audited)	For the year ended 31 December 2017 US\$'000 (Audited)
Net loss before tax	6,353	87
Net loss after tax	6,353	87

### **REASONS FOR AND BENEFITS OF THE SHARE SUBSCRIPTION**

The Group is principally engaged in property development, property investment and management, hotel operations and securities trading and investment. ZH USA is a corporation incorporated in Delaware, USA, a wholly owned subsidiary of the Company, and its principal activity is investment holding.

From the recent published financial and operational information of GMR, GMR has greatly improved its operation results during 2018 and measured an unaudited net profit of approximately US\$5,057,000 for the nine months ended 30 September 2018 as compared to unaudited net loss of approximately US\$1,335,000 for the corresponding period ended 30 September 2017. As at 30 November 2018, GMR owned 81 healthcare buildings in the USA primarily leased on a triple-net basis with approximately 2.0 million net leasable square feet and approximately US\$50.4 million of annualised base rent. In view of the business objectives, recent expansion plans and also the financial position of GMR, the Company expects that GMR will continue its rapid development with its sound and solid property portfolio and growth in profits in the next few years. The Directors consider that

the GMR Public Offering will further strengthen GMR's financial positions and promote its business development and the increase of the Group's shareholding in GMR by way of Share Subscription shall increase the sharing of the income growth of GMR and thereby achieve long-term capital appreciation of the Group's investment.

The Directors are of the view that the Share Subscription is on normal commercial terms, which is fair and reasonable and in the interest of the Company and its shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios calculated in respect of the Share Subscription under Rule 14.07 of the Rules Governing Listing of the Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") exceeds 5% but is less than 25%, the Share Subscription constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

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

Hong Kong, 16 December 2018

*As at the date of this announcement, the executive Directors are Mr. Zhang Jingguo and Mr. Zhang Guoqiang; 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.*

*\* For identification purpose only.*