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ZH INTERNATIONAL HOLDINGS LIMITED

正恒國際控股有限公司

(formerly known as Heng Fai Enterprises Limited)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

DISCLOSEABLE TRANSACTION

On 14 December 2015, GMR and the Sellers entered into the Agreement, under which the Sellers have agreed to sell, and GMR has agreed to acquire, the Medical Facilities at a consideration of US\$20,000,000 (approximately HK\$155,000,000).

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 of 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 14 December 2015, GMR has entered into the Agreement with the Sellers. Pursuant to the Agreement, the Sellers shall sell and GMR shall acquire a medical office portfolio (the “**Medical Facilities**”), for US\$20,000,000 (approximately HK\$155,000,000).

THE AGREEMENT

Set out below are the major terms of the Agreement:

Date of Agreement: 14 December 2015

Sellers: (i) GRE; (ii) Germantown; (iii) Bartlett; (iv) GIDTCRC; (v) GCMSRC; and (vi) Desoto, to the best knowledge, information and belief of the Board and after making all reasonable enquiry, the Sellers and their ultimate

beneficial owners are third parties independent of the Company and connected persons of the Company

- Purchaser: Global Medical REIT, Inc.
- Asset to be acquired: The Medical Facilities
- Consideration: US\$20,000,000 (approximately HK\$155,000,000) payable in cash
- Date of completion: on or before 12 February, 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 Sellers as initial deposit and part payment of the Consideration within ten days upon signing of the Agreement on 14 December 2015.
 - (b) The balance of the consideration will be paid on completion of the Acquisition.
- Others:
- (i) GMR is entitled to perform due diligence review on the Medical Facilities for a period of 45 days from the date of the Agreement (“**Due Diligence Period**”) and shall have the right to terminate the Agreement by written notice to the Sellers in the event GMR in its sole discretion, is not satisfied with the Medical Facilities for any reason.

The Portfolio includes five single-storey garden-style medical office buildings and one executive/administrative office building totaling approximately 52,266 square feet.

The table below contains summary information about the assets in the Medical Facilities.

Address	Sellers	Size (sq. ft)	Acres	Year Built
2999 Centre Oak Way Germantown, TN	GRE	5,000	1.05	2011
3350 N. Germantown Road Bartlett, TN	Bartlett	6,306	1.49	2009
1310 Wolf Park Drive Germantown, TN	GIDTCRC	12,629	1.46	2001
1324 Wolf Park Drive Germantown, TN	GCMSRC	8,893	1.07	2003
2020 Exeter Road Germantown, TN	Germantown	8,015	0.89	1984
7668 Airways Boulevard Southaven, MS	Desoto	11,423	1.52	2006
Total		52,266	7.48	

The Gastroenterology Center of the Midsouth Pc, (d.b.a. "Gastro One") is the medical operator that currently owns the Portfolio that will be the Tenant and Guarantor post-transaction. Gastro One and Memphis Gastroenterology, two of the area's largest gastroenterology practices, merged in July 2014 forming the single largest gastroenterology practice in the Memphis Metro area and one of the largest physician groups in the country. The Gastro One group consists of thirty four doctors covering the spectrum of gastroenterology.

Gastro One is an independent practice not owned or tied to any hospital system, though its doctors have privileges at most local hospitals, including Baptist, Methodist and Saint Francis hospitals, the dominant health systems in Memphis. The independence of its practice allows for the highest level of flexibility for patients in terms of facilities, insurance and choice in convenient off-campus locations near affluent communities with ample parking and access to major highways. Germantown is one of a few cities in the nation possessing a triple-A bond rating from both Moody's and Standard & Poor's.

The Medical Facilities will be leased to Gastro One at closing for 12 years with initial annual rental income of approximately US\$1,300,000 (approximately HK\$10,075,000). Gastro One is the most successful and largest gastroenterology practice in the Memphis Metro area with 34 physicians.

The physicians and staff of Gastro One specialize in the treatment of all gastrointestinal disorders, including disorders of the esophagus, stomach, small intestine, large intestine (colon), rectum, liver, gallbladder and pancreas. Gastro One also specializes in nutritional problems such as weight loss and malabsorption.

Colon cancer diagnosis, prevention, and screening are very important parts of their practice, as is screening for esophageal cancer in patients with chronic gastroesophageal reflux and Barrett's esophagus. For patients' convenience, Gastro One has seven out-patient offices in the Mid-South. All providers are accepting new patients.

Gastro One has three endoscopic centers, two in Germantown and one in North Mississippi, in which they perform most of their endoscopic procedures. These centers are equipped with the latest HD-video endoscopic equipment to aid in rapid and accurate diagnosis of patient problems. In addition, they offer capsule endoscopy and long tube enteroscopy to assist in diagnosing disorders of the small intestine. They also perform Bravo pH testing for assessment of gastroesophageal reflux disease. Gastro One physicians have privileges at the following hospitals in the Mid-South: Baptist Memphis, Baptist DeSoto, Baptist Collierville, Methodist Germantown, Methodist

North, Methodist Olive Branch, St. Francis Park, and St. Francis Bartlett.

Having considered that (i) the Acquisition is in line with the business strategy of the Group to develop in the REITs and (ii) the favourable prospects of the Medical Facilities, the Board considers that the Consideration, which was arrived at after arm's length negotiations, 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 Facilities 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 banking facilities or from other sources as deemed appropriate by the Board from time to time. It is expected that the consideration of the Acquisition will be funded by approximately US\$13.0 million by bank borrowing and the remaining balance will be funded in cash.

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 constitute a discloseable transaction of 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 Facilities by GMR from the Sellers pursuant to the Agreement

“Agreement”	: The asset purchase agreement in relation to the Acquisition entered into among GMR and the Sellers on 14 December 2015
“Board”	: the board of Directors
“Company”	: ZH International Holdings Limited (formerly known as Heng Fai Enterprises 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%-owned subsidiary of the Company, the shares of which are listed on Over-The-Counter Board 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 Facilities”	: the following medical facility and assets pursuant to the Agreement: <ul style="list-style-type: none"> (i) The real property on which the Medical Facilities is located (“Real Property”); (ii) The Sellers’ fee simple title in and to all buildings, structures, facilities, amenities, driveways, walkways, parking lots and other improvements located on the Real Property (“Improvements”); (iii) all right, title and interest of Sellers in and to the Real Property; (iv) all personal property owned by Sellers located on the Real Property and used in connection with the Medical Facilities; and (v) all assignable warranties benefiting the Medical Facilities.

- “Sellers” : (i) G.I.C.M. REAL ESTATE, LLC, a Tennessee limited liability company (“GRE”);
- (ii) G.I.C.M GERMANTOWN, LLC, a Tennessee limited liability company (“Germantown”);
- (iii) BARTLETT MEDICAL COMPLEX, LLC, a Tennessee limited liability company (“Bartlett”);
- (iv) G.I. DIAGNOSTIC AND THERAPEUTIC CENTER RENTAL COMPANY, LLC, a Tennessee limited liability company (“GIDTCRC”);
- (v) GASTROENTEROLOGY CENTER OF THE MIDSOUTH RENTAL COMPANY, LLC, a Tennessee limited liability company (“GCMSRC”); and
- (vi) G.I.C.M. DESOTO, LLC, a Mississippi limited liability company (“Desoto”).
- “Shareholder(s)” : shareholder(s) of the Company
- “Stock Exchange” : The Stock Exchange of Hong Kong Limited
- “HK\$” : Hong Kong dollar(s), the lawful currency of Hong Kong
- “US” or “United States” : the United States of America
- “US\$” : the United States dollars, 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, 15 December, 2015

As at the date of this announcement, the executive Directors are Mr. Zhang Jingguo, Mr. Zhang Guoqiang, Mr. Eric Jackson Chang; the non-executive Director is Ms. Huang Yanping and the independent non-executive Directors are Mr. Liu Da, Dr. Liu Qiao and Mr. Ma Yuntao.