THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **ZH International Holdings Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the stockbroker, registered dealer in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any shares of the Company.

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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF PROPERTY PROJECT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company

Alliance Capital Partners Limited
同人融資有限公司

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

建泉環球金融服務有限公司
V Baron Global Financial Services Limited

A letter from the Board is set out on pages 5 to 21 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on pages 22 to 23 of this circular. A letter from V Baron Global Financial Services Limited, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 35 of this circular.

A notice convening the extraordinary general meeting of the Company (the "**EGM**") to be held at Cliftons Hong Kong, Level 5, Hutchison House, 10 Harcourt Road, Central, Hong Kong on Tuesday, 17 November 2015 at 9:30 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the share registrar of the Company, Tricor Friendly Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

30 October 2015

CONTENTS

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

"Acquisition"	the proposed acquisition of the Sale Share pursuant to the Agreement
"Agreement"	the sale and purchase agreement dated 2 October 2015 entered into among the Company and the Vendor in respect of the Acquisition
"Announcement"	the announcement of the Company dated 2 October 2015 in relation to the Acquisition
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"BVI"	British Virgin Islands
"Company"	ZH International Holdings Limited (formerly known as Heng Fai Enterprises Limited), a company incorporated in Hong Kong with limited liability and whose issued Shares are listed on the main board of the Stock Exchange
"Completion"	completion of the Acquisition
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration for the sale and purchase of the Sale Share in the amount of HK$405,000,000 which is to be satisfied by the issuance of the Consideration Shares
"Consideration Share(s)"	1,350,000,000 new Shares to be issued by the Company, as the consideration for the Acquisition, to the Vendor in accordance with the terms and conditions of the Agreement, which will be issued pursuant to the specific mandate to be granted by the Independent Shareholders at the EGM
"Director(s)"	the director(s) of the Company

"EGM"	the extraordinary general meeting of the Company to be held for the purpose of approving, among others, the Agreement, the Acquisition, the issuance of the Consideration Shares under specific mandate and the transactions contemplated hereunder
"Enlarged Group"	the Group and the Target Group upon Completion
"Group"	the Company and its subsidiaries
"Henan Jingkai"	Henan Zensun Jingkai Real Estate Limited* (河南正商經開置業有限公司), a company established under the laws of the PRC and is wholly-owned by Total Star
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Company, comprising all the independent non-executive Directors, namely Dr. Liu Qiao, Mr. Liu Da and Mr. Ma Yuntao, formed to advise the Independent Shareholders as to the Acquisition and the transaction contemplated thereunder
"Independent Financial Adviser" or "V Baron"	V Baron Global Financial Services Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the transactions contemplated thereunder
"Independent Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Independent Valuer"	APAC Asset Valuation and Consulting Limited, an independent professional valuer appointed by the Company for the valuation of the Property Project
"Issue Price"	HK$0.30 per Share, being the issue price for the Consideration Shares

* *for identification purposes only*

"Joy Town"	Joy Town Inc., a company incorporated in the BVI and the direct controlling Shareholder of the Company, which is wholly owned by Ms. Huang
"Last Trading Day"	2 October 2015, being the last trading day of the Shares on the Stock Exchange before the publication of the Announcement
"Latest Practicable Date"	26 October 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Committee"	the listing committee of the Stock Exchange for considering application for listing and granting of listing
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	The People's Republic of China, and for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Property Project"	a commercial property development project undertaking by Henan Jingkai in Zhengzhou city in the PRC with details set out in this circular
"Reassessed NAV"	the unaudited reassessed net assets value of the Target Group as at 31 July 2015, determined with reference to the basis and adjustments as set out in the paragraph "Consideration and Payment" in this circular
"REIT"	real estate investment trust
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Share"	the entire issued share capital of the Target Company
"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 Share(s)

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Vigor Capital Holdings Limited, a limited liability company incorporated under the laws of the BVI
"Target Group"	the Target Company and its subsidiaries
"Total Star"	Total Star Development Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by the Target Company
"Vendor" or "Ms. Huang"	Ms. Huang Yanping, a non-executive Director and controlling Shareholder of the Company
"Zensun"	Henan Zensun Real Estate Co., Ltd, a company incorporated in the PRC with limited liability and ultimately controlled by the Vendor
"U.S." or "United States"	the United States of America
"%"	per cent.

Translation of RMB into Hong Kong dollars are based on the exchange rates of RMB0.82 to HK$1.00 for information purpose only. Such translations should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.

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)

Executive Directors:
Mr. Zhang Jingguo
(Chairman and Chief Executive Officer)
Mr. Zhang Guoqiang
Mr. Eric Jackson Chang

Non-executive Director:
Ms. Huang Yanping

Independent Non-executive Directors:
Dr. Liu Qiao
Mr. Liu Da
Mr. Ma Yuntao

Registered and principal office:
24/F., Wyndham Place,
40–44 Wyndham Street,
Central, Hong Kong

30 October 2015

To the Shareholders,

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
THE PROPOSED ACQUISITION OF PROPERTY PROJECT AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

On 2 October 2015 (after trading hours), the Company and the Vendor entered into the Agreement, pursuant to which, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Share. The Consideration for the Acquisition is HK$405,000,000 which will be satisfied by the issuance of the Consideration Shares by the Company.

The Vendor is the controlling Shareholder and a non-executive Director of the Company, accordingly the Vendor is a connected person of the Company. In addition, one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 25% but below 100%. As a result, the Acquisition constitutes a major and connected transaction of the Company and is therefore subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

Completion of the Acquisition is subject to, among other things, the obtaining of Independent Shareholders' approvals at the EGM. Upon Completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, other than the Vendor and her associate(s), no Shareholders or any of their respective associates have any material interest in the Acquisition and the issuance of the Consideration Shares. As such, other than the Vendor and her associate(s), no Shareholder is required to abstain from voting under the Listing Rules at the EGM for the approval of the Acquisition and the issuance of the Consideration Shares.

The purpose of this circular is to provide you with, among other things, (i) further details of the Agreement and the Acquisition; (ii) a letter from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; (iv) the accountant's report on the Target Group; (v) the unaudited pro forma financial information on the Enlarged Group; (vi) the valuation report on the Property Project; and (vii) other information as required under the Listing Rules together with a notice of the EGM and a form of proxy.

Completion is subject to the satisfaction and/or waiver of the conditions precedent under the Agreement and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE AGREEMENT

The Agreement sets out the terms and conditions of the Acquisition, the key terms of which are summarised as follows:

Date

2 October 2015 (after trading hours)

Parties

(i) Purchaser: The Company.

(ii) Vendor: Ms. Huang Yanping.

The Vendor is a non-executive Director and controlling Shareholder of the Company as at the Latest Practicable Date. The Vendor is, through Joy Town, interested in 2,229,612,209 Shares representing 55.31% of the total issued share capital of the Company.

Assets to be acquired

The Sale Share represents the entire issued share capital of Vigor Capital Holdings Limited (i.e. the Target Company). The Target Company is the registered and beneficial owner of Total Star which in turn is the registered and beneficial owner of Henan Jingkai. Henan Jingkai is undertaking the Property Project for property development.

Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

Consideration and Payment

The Consideration for the Sale Share will be an aggregate of HK$405,000,000 which is to be satisfied by the issuance of 1,350,000,000 Consideration Shares credited as fully paid at the Issue Price of HK$0.30 per Share to the Vendor (or her nominees) on Completion.

The Consideration was arrived at after arm's length negotiations with reference to, among others:

(i) the unaudited net asset value of the Target Group as at 31 July 2015;

As at the date of the Announcement, the unaudited net asset value of the Target Group was estimated to be RMB298.9 million (approximately HK$364.7 million) as at 31 July 2015. As at the Latest Practicable Date, the actual audited net asset value of the Target Group amounted to approximately RMB299.2 million (approximately HK$365.0 million). This represents an increase of RMB0.3 million or 0.1% of the original estimated unaudited net asset value of the Target Group.

(ii) the valuation of the Property Project as at 31 July 2015 pursuant to the valuation report issued by the Independent Valuer;

As at the date of the Announcement, the indicative valuation of the Property Project estimated by the Independent Valuer, was approximately RMB470 million (approximately HK$573.4 million) as at 31 July 2015. As at the Latest Practicable Date, with reference to the actual aggregate costs associated with the acquisition and development of the Property Project and the final valuation report of the Property Project issued by the Independent Valuer, the actual valuation of the Property Project was approximately RMB485 million (approximately HK$591.7 million) as at 31 July 2015. This represents an increase of RMB15 million or 3.2% of the original estimated valuation.

(iii) the Reassessed NAV of the Target Group as at 31 July 2015 by adding up (i) the actual unaudited net assets value of the Target Group as at 31 July 2015 and (ii) the increase in the unaudited net assets value of the Target Group arising from the valuation of the Property Project;

As at the date of the Announcement, the increase in the unaudited net assets value of the Target Group arising from the valuation of the Property Project was estimated at RMB55.3 million (equivalent to approximately HK$67.4 million). As at the Latest Practicable Date, with reference to the actual valuation of the Property Project mentioned above, the actual increase in the unaudited net assets value of the Target Group from the valuation of the Property Project as at 31 July 2015 was approximately RMB54.8 million (equivalent to approximately HK$66.8 million). This represents a decrease of RMB0.5 million or 0.9% of the original estimated increase.

As at the date of the Announcement, the Reassessed NAV of the Target Group was estimated to be RMB354.2 million (equivalent to approximately HK$432.1 million) as at 31 July 2015. As at the Latest Practicable Date, with reference to the actual audited net assets value of the Target Group and the actual increase in the unaudited net assets value of the Target Group from the valuation of the Property Project, the Reassessed NAV of the Target Group as at 31 July 2015 was approximately RMB353.9 million (equivalent to approximately HK$431.8 million). This represents a decrease of RMB0.3 million or 0.08% of the original estimated Reassessed NAV of the Target Group as at 31 July 2015.

(iv) the average closing price of the Shares as quoted on the Stock Exchange for the last five trading days immediately preceding the Last Trading Day; and

(v) the business development and future prospects of the Target Group.

Notwithstanding increase in the valuation of the Property Project and the decrease in the Reassessed NAV of the Target Group, the Consideration, being HK$405 million, represents a discount of 6.2% to the Reassessed NAV of the Target Group of approximately RMB353.9 million (equivalent to approximately HK$431.8 million) as at 31 July 2015. In this connection, the Board takes the view that the Consideration is still fair and reasonable and in the interest of the Shareholders as a whole.

Consideration Shares

The 1,350,000,000 Consideration Shares represent (i) approximately 33.5% of the existing issued share capital of the Company; and (ii) approximately 25.1% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The Consideration Shares when allotted and issued, will rank pari passu in all respects among themselves and with all existing Shares then in issue on the date of such allotment and issue, including the right to receive all future dividends and distributions declared, made or paid by the Company on or after the date of the issue of the Consideration Shares. The Consideration Shares will be issued pursuant to a specific mandate to be obtained from the Independent Shareholders at the EGM.

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Acquisition and the issue of the Consideration Shares will not result in any change in control of the Company.

The Issue Price of HK$0.30 per Consideration Share represents:

(i) a premium of approximately 17.6% of the closing price of HK$0.255 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 9.1% to the closing price of HK$0.275 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a premium of approximately 6.8% to the average closing price of approximately HK$0.281 per Share as quoted on the Stock Exchange for the last five trading days immediately preceding and including the Last Trading Day; and

(iv) a premium of approximately 46.8% over the audited net asset value of the Group attributable to the Shareholders of approximately HK$0.2043 per Share as at 31 March 2015.

The Issue Price of HK$0.30 per Consideration Share was arrived at by the parties of the Agreement after arm's length negotiations having taken into account, among other things, the average closing price of the Shares for the five consecutive trading days preceding the date of the Agreement.

Based on the average closing price of the Shares as quoted on the Stock Exchange for the last five trading days immediately preceding the Last Trading Day at HK$0.286, the value of the Consideration Shares represents a sum of HK$386.1 million, or a discount of approximately 4.7% to the Consideration.

Lockup Undertaking

The Vendor agrees and undertakes to the Company not to dispose of or otherwise deal in the Consideration Shares for a period of six months after the date of Completion unless prior written approval has been obtained from the Company.

Conditions Precedent

Completion of the Acquisition is subject to, among other things, the following conditions being fulfilled and/or waived:

(i) all requisite resolution(s) being passed by the Independent Shareholders by way of a poll at the EGM approving the terms of and the transactions contemplated under the Agreement and the implementation thereof;

(ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares to be issued pursuant to the terms of the Agreement;

(iii) completion of a due diligence review on the Target Group and the underlying properties to the sole satisfaction of the Company in its absolute discretion;

(iv) the Company being satisfied that no material adverse change on the Target Group has arisen or occurred since the accounts date which is 31 July 2015 and up to Completion;

(v) there having been no breach by the Vendor of her pre-completion obligations in accordance with the Agreement; and

(vi) there having been no breach by the Vendor of the warranties in accordance with the Agreement.

Conditions (i) and (ii) are not capable of being waived by any parties to the Agreement. The Company may waive Conditions (iii) to (vi).

If the conditions above have not been fulfilled or (if applicable) waived on or before 31 December 2015 or such other date as the Vendor and the Company may agree in writing, the Agreement shall terminate save whereupon the parties shall have no further claims against each other under the Agreement save for accrued rights.

As at the Latest Practicable Date, no condition precedent has been fulfilled or waived and the Company does not have any intention to waive any of the conditions precedent.

Termination

Prior to Completion, in the event that:

(i) any of the warranties in the Agreement are found to be untrue, misleading or incorrect or have not been fully carried out in any material respect;

(ii) any matter or thing arising or becoming known or being notified to the Company which is inconsistent with any warranty in the Agreement or any other provision of the Agreement; or

(iii) the Vendor becoming unable or failing to do anything required to be done by it at or before Completion,

the Company shall not be bound to complete the purchase of the Sale Share and the Company may by notice rescind the Agreement without liability on its part.

Completion

Completion shall take place on the third Business Day after all conditions precedent to the Agreement have been satisfied or waived by the Company (or such other time and date as the parties to the Agreement may agree in writing).

Completion is subject to the satisfaction and/or waiver of the conditions precedent under the Agreement and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

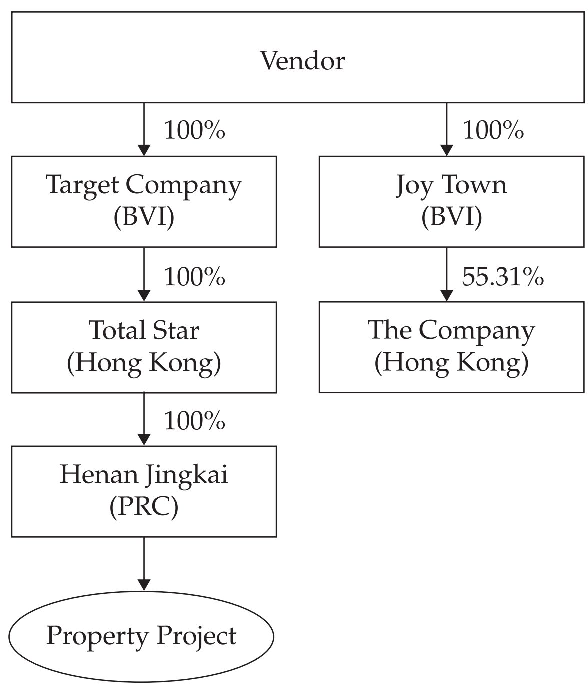
Financial assistance from the Vendor

Under the Agreement, the Vendor has undertaken to the Company that she will procure Zensun to enter into a loan agreement with Henan Jingkai (the "**Loan Agreement**") pursuant to which Zensun shall, from Completion, provide upon Henan Jingkai's request, additional unsecured loan(s) of up to RMB200 million (the "**Additional Loan**") to finance the development of the Property Project for a duration of three years from the date of the Loan Agreement. Such loan(s) will be available for drawdown by Henan Jingkai in accordance with actual needs within three years from the date of the Loan Agreement at an interest rate of 4% per annum on a fully unsecured basis on the loan(s) actually drawn down or such other interest rate that Henan Jingkai is able to borrow in an amount equal to the relevant loan from a bank or a financial institution, whichever is the lower. Whereas the existing Shareholder Loan (as defined below) will carry the same terms with the Additional Loan and be deemed drawdown at the date of the Completion (the "**Financial Support**").

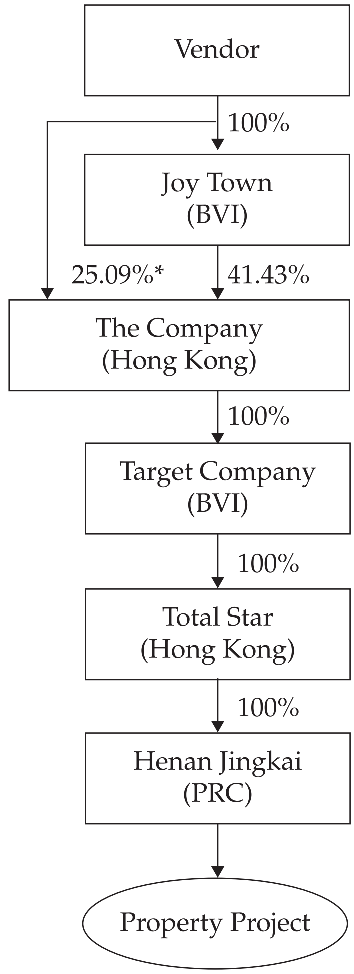
As Zensun is ultimately controlled by the Vendor, the controlling Shareholder and a non-executive Director of the Company, the Financial Support will constitute a connected transaction in the form of financial assistance from Zensun in favour of Henan Jingkai. However, as the loans are not secured by any assets of the Group, and as the Directors consider that the loans are on normal commercial terms or better, the Financial Support is fully-exempted from Shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

INFORMATION OF THE TARGET GROUP AND THE PROPERTY PROJECT

The Target Company is an investment holding company incorporated in the BVI. It is directly holding 100% interest in Total Star, which in turn directly owns the entire equity interest in Henan Jingkai. Henan Jingkai is a PRC incorporated company principally engaged in property development and investment. The Target Group is primarily engaged in the real estate development and investment, which owns the Property Project in Zhengzhou city in the PRC. The ownership structure of the Target Group prior to the Completion is set out as follows:



The ownership structure of the Target Group upon Completion is set out as follows:



* assuming the Vendor elects to own the Consideration Shares directly.

Set out below are the details of the Property Project which is indirectly and wholly owned and controlled by the Target Company:

Registered Owner:	Henan Zensun Jingkai Real Estate Limited (河南正商經開置業有限公司)
Date of Issue of the Land Use Right Certificate:	10 April 2015
Area of the Land:	47,736.04 square meters
Location:	North Second Jingnan Road, Jingkai Nineth Revenue East (經開第九大街東、經南二路北)
Term of the Land Use Right:	until 2 April 2055

Type of Land Usage:	Commercial and Financial
Gross Floor Area of the Property Project:	296,046 square meters
Expected completion year:	2017 4th quarter
Current Status:	Under development (as at 31 July 2015)
Plot Ratio:	Not more than 4.5

The Property Project consists of a land parcel located at the Economic and Technological Development Zone of Zhengzhou city with a site area of 47,736.04 sq.m. and has a gross floor area of approximately 296,000 sq.m.. The land parcel is designated for commercial and financial usage. It is intended that the Property Project will be developed into 9 blocks of commercial centers for sale which comprising office (approximately 174,000 sq.m.), apartments (approximately 28,000 sq.m.) and retail space (approximately 12,000 sq.m.) with the remaining being public area, carparking spaces and other ancillary purposes.

As at the date of the Announcement, the aggregate costs associated with the acquisition and development of the Property Project by Henan Jingkai was estimated to be RMB414.7 million as at 31 July 2015. As at the Latest Practicable Date, the actual aggregate costs associated with the acquisition and development of the Property Project amounted to approximately RMB430.2 million as at 31 July 2015. This represents an increase of RMB15.5 million or 3.7% of the original estimated aggregated costs.

With reference to the final valuation report of the Property Project issued by an the Independent Valuer appointed by the Company, the valuation of the Property Project was approximately RMB485 million (approximately HK$591.7 million) as at 31 July 2015.

As at the Latest Practicable Date, block 1 has completed structural roof sealing and the construction of other blocks are in progress. Pre-sales for the block 1 and block 9 (first to ninth floors) were commenced in August 2015 with revenue recognized up until 2018. It is expected that the other blocks will launch for pre-sale in November 2015 and thereafter. It is expected that the Property Project will be completed at the last quarter of 2017 and the estimated budget throughout the remaining development period of the Property Project is approximately RMB900 million and will be primarily financed by the Financial Support of Zensun and the proceeds from the pre-sales. Such budget shall be a function of a number of factors, including the progress of the construction as well as amount of pre-sale.

Immediately upon completion of the Acquisition, all members of the Target Group will become subsidiaries of the Company and their results will be consolidated into the financial statements of the Group.

As at the date of the Announcement, the consolidated net loss before and after taxation of the Target Group as set out in the unaudited financial statements for the period from 20 January 2015 to 31 July 2015 was approximately RMB1.1 million (approximately HK$1.3 million). As at the Latest Practicable Date, based on the accountants' report of the Target Group prepared in accordance with Hong Kong Financial Reporting Standard as set out in Appendix II to this circular, the consolidated net loss before and after taxation of the Target Group for the period from 20 January 2015 to 31 July 2015 was approximately RMB0.8 million (approximately HK$1.0 million). This represents a decrease of RMB0.3 million or a 27.3% of the original unaudited net loss. The net asset value of the Target Group as set out in its financial statements as at 31 July, 2015 was approximately RMB299.2 million (approximately HK$365.0 million). The Reassessed NAV of the Target Group as at 31 July 2015 was approximately RMB353.9 million (approximately HK$431.8 million).

Based on the accountants' report of the Target Group as at 31 July 2015, the Target Group is indebted to Zensun in the amount of approximately RMB119 million (approximately HK$145 million) (the "**Shareholder Loan**"). The Shareholder Loan is unsecured, interest-free and repayable on demand.

Based on the PRC legal opinion of the Company's legal adviser, Commerce & Finance Law Offices dated 17 October 2015, regarding the title to the Property Project,

(i) Henan Jingkai has fully paid the land premium and is the legal owner of the land use rights of the Property Project;

(ii) Henan Jingkai has obtained all necessary approvals, permits and registration for the construction of the Property Project;

(iii) Henan Jingkai has obtained the ownership of the building of the Property Project (except for the civil defense) and is entitled to transfer, lease, mortgage or handle in other ways such portion of the Property Project;

(iv) Henan Jingkai has obtained the Commodity House Per-sale Permit of portion of the Property Project and is entitled to pre-sell such portion of the Property Project; and

(v) the Property Project is free from mortgages and other encumbrances.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

Set out below is the management discussion and analysis of the Target Group for the period from 5 March 2015 (the date of incorporation of the Target Company) to 31 July 2015 ("**Relevant Period**"), which is based on the financial information of the Target Group as set out in Appendix II to this circular.

General information

The Target Company was incorporated under the laws of BVI on 5 March 2015 with limited liability. It is an investment holding company directly holding 100% equity interest in Total Star, an investment holding company incorporated in Hong Kong on 6 March 2015 which in turn directly owns the entire equity interest in Henan Jingkai. Henan Jingkai, a PRC company established on 20 January 2015 which is principally engaged in property development and investment and owns the Property Project in Zhengzhou city in the PRC. On 2 February 2015, Zensun entered into an agreement with local government to acquire a parcel of land in Henan via tender for a consideration of RMB321,130,000. On 2 March 2015, Zensun and Henan Jingkai entered into an agreement pursuant to which Henan Jingkai was assigned as the buyer of the tender agreement with the terms remaining unchanged. Such consideration was financed as to RMB300 million from paid up capital of Henan Jingkai and as to approximately RMB21.1 million as shareholders loan from Zensun.

Financial result, financial position and capital structure

The Target Group had no turnover during the Relevant Period as the Property Project is still in development stage.

During the Relevant Period, the Target Group recorded net loss before and after taxation of approximately RMB0.8 million (approximately HK$1.0 million) which was primary attributable to the general and administrative expenses incurred by Henan Jingkai.

As at 31 July 2015, the audited net asset value of the Target Group was approximately RMB299.2 million (approximately HK$365.0 million).

Liquidity, financial position, capital structure and gearing ratio

The Target Group managed its capital to ensure that it will be able to continue as a going concern while maximising the return to its shareholders through the optimization of the equity balance. The Target Group relied principally on the equity capital and Shareholder Loan provided by Zensun to finance its business and did not have any interest-bearing bank and other borrowings.

As at 31 July 2015, the Target Group is indebted to Zensun in the amount of approximately RMB119 million (approximately HK$145 million).

The Target Group's gearing ratio, as expressed as the ratio of total amount of the Shareholder Loan divided by total assets, was approximately 0.27 as at 31 July 2015.

Segment information

The Target Group currently operate in one business segment. A single management team reports to the chief operating decision makers who comprehensively manage the entire business. Accordingly, the Target Group did not have separately reportable segments.

Employment and remuneration policy

As at 31 July 2015, the Target Group had 10 employee(s). Remuneration for employees is determined in accordance with performance, professional experiences and the prevailing market conditions. Management reviews the employee remuneration policy and arrangement of the Target Group on a regular basis. Apart from pension and mandatory provident funds, the Target Group may grant discretionary bonus to employees as awards in accordance with individual performance.

Contingent liabilities

As at 31 July 2015, the Target Group had no material contingent liabilities.

Charge on assets

As at 31 July 2015, the Target Group had no outstanding charges or encumbrances on its assets.

Foreign exchange exposure

As the operations of Target Group were principally in the PRC and most of the transactions, assets and liabilities of Target Group were denominated in RMB, the operations of Target Group were not subject to significant exchange risk. Accordingly, no financial instruments for hedging purposes were used by Target Group for the Relevant Period.

Significant acquisition and disposal

Save as the acquisition of Henan Jingkai by Total Star, the Target Group had not acquired or disposed of any subsidiary or affiliated company during the Relevant Period and it did not have any significant investments held or plan for material investments or capital assets as at 31 July 2015.

Significant investments

For the period ended 31 July 2015, the Target Group had not made any significant investment.

Future Plans

The Target Group is primarily engaged in real estate development and investment, and it owns the Property Project in Zhengzhou city in the PRC. It is intended that the Property Project will be developed into a commercial center and the Property Project is expected to be completed at the last quarter of 2017. It is expected that the source of funding to the development of the Property Project will be financed by loans from Zensun as set out under the paragraph headed "Financial Assistance From the Vendor" in this circular.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

As stated in the Company's annual report for the year ended 31 March 2015, the PRC government has launched a national strategy to develop the middle China economic zone. As a complementary and strategic support, and an important modern comprehensive traffic hub, Henan province will become an important area for economic growth in China which has a promising driving force for economic development. Riding on our professional real estate development capabilities and experience, and the resources accumulated for decades, the Group intends to identify more opportunities in terms of real estate development, and living facilities in relevant industries, so as to revitalize the development of our Group. In line with the Group's overall strategy and as announced by the Group's announcement dated 13 August 2015, the Group successfully bid a parcel of land in Zhengzhou City, Henan Province with a total site area of 34,438.75 sq.m. It is the Group's intention to continue leverage on the PRC property development and investment experience of its new management team to explore projects with good potential in China. The Directors consider that the Acquisition represents a strategic expansion of the Group in line with the Group's general business strategy. The Property Project held by the Target Group comprises properties under development for sale. Such Property Project is expected to have positive impact on contracted sales, cash flows, revenue and profit after completion of the Acquisition, by directly leveraging the Group's brand recognition and management expertise.

The Directors are of the view that the Acquisition are in the interest of the Group and the terms of Acquisition are on normal commercial terms, which are fair and reasonable and in the interests of the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE

Set out below is a table showing the Company's existing shareholding structure and that immediately after Completion:

	Existing Shareholding as at the Latest Practicable Date		**Immediately after Completion**	
	No. of Shares	*Approx. %*	*No. of Shares*	*Approx. %*
Joy Town	2,229,612,209	55.31	2,229,612,209	41.43
The Vendor	–	–	1,350,000,000	25.09
Controlling shareholders	2,229,612,209	55.31	3,579,612,209	66.52
Public	1,801,807,760	44.69	1,801,807,760	33.48
Total	4,031,419,969	100.00	5,381,419,969	100.00

INFORMATION ON THE VENDOR

The Vendor is a controlling Shareholder and non-executive Director of the Company. As at the Latest Practicable Date, the Vendor is, through Joy Town, interested in 2,229,612,209 Shares, representing 55.31% of the total issued share capital of the Company.

The Vendor, together with any parties acting in concert with it, if any, are not, and shall not immediately after completion of the Acquisition be required to make a mandatory general offer under the Takeovers Code. Following the issue of the Consideration Shares, the Company's minimum public float of the Shares as required under the Listing Rules can be maintained.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon completion of the Acquisition, the Group will hold 100% equity interest in the Target Group. All members of the Target Group will become subsidiaries of the Company and their financial results will be consolidated into the Group's financial statements.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, assuming completion of the Acquisitions had taken place on 31 March 2015, the pro forma total assets of the Enlarged Group would have increased by approximately HK$595.5 million from approximately HK$1,168.9 million as at 31 March 2015 to approximately HK$1,764.3 million, and the total liabilities of the Enlarged Group would have increased by approximately HK$181.5 million from approximately HK$429.6 million as at 31 March 2015 to approximately HK$611.1 million.

It is expected that the impact of the Acquisitions on the Group's earning will be minimal in the short term. In view of the future prospects of the property market in Henan Province, the PRC, it is anticipated that the Acquisitions will improve the Enlarged Group's trading prospects in the future and the Directors consider that the Acquisition will contribute to the revenue and earnings base of the Enlarged Group upon completion of the Property Project but the quantification of such contribution will depend on the future performance of the Target Group.

LISTING RULES IMPLICATIONS

The Vendor is a controlling Shareholder of the Company and a non-executive Director, accordingly the Vendor is a connected person of the Company. In addition, one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 25% but below 100%. As a result, the Acquisition constitutes a major and connected transaction of the Company and is therefore subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The Acquisition is subject to the approval by the Independent Shareholders by way of a poll and the Vendor and her associates, which together held approximately 55.31% of the issued share capital of the Company as at the Latest Practicable Date, will be required to abstain from voting in respect of the resolution to approve, among others, the Agreement and the Acquisition at the EGM.

Ms. Huang Yanping (a non-executive Director of the Company who is the Vendor) and Mr. Zhang Jingguo (being the spouse of Ms. Huang Yanping and an executive Director of the Company) have abstained from voting in the Board meeting in which the Agreement, the Acquisition and the transactions contemplated thereunder were approved.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on the Acquisition. V Baron Global Financial Services Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

As Zensun is ultimately controlled by the Vendor, the controlling Shareholder and a non-executive Director of the Company, the Financial Support will, upon Completion, constitute a connected transaction in the form of financial assistance from Zensun in favour of Henan Jingkai. However, as the Financial Support will not be secured by any assets of the Group, and as the Directors consider that the Financial Support is on normal commercial terms or better, the Financial Support will be fully-exempted from Shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

THE EGM

A notice convening the EGM to be held at Cliftons Hong Kong, Level 5, Hutchison House, 10 Harcourt Road, Central, Hong Kong on Tuesday, 17 November 2015 at 9:30 a.m. is set out on pages EGM-1 to EGM-2 of this circular. An ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve, among other matters, the Agreement, the Acquisition and the grant of a specific mandate for the allotment and issue of the Consideration Shares.

In view of the Vendor's interests in the Acquisition, Ms. Huang and her associates, in aggregate held 2,229,612,209 Shares as at the Latest Practicable Date, will abstain from voting at the EGM. The results of the poll will be published on the websites of the Company and the Stock Exchange on the day of the above meeting.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the share registrar of the Company, Tricor Friendly Limited, which is situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the EGM in accordance with the articles of association of the Company. The results of the poll shall be deemed to be the resolutions of the general meeting in which the poll was demanded or required and the poll results will be published on the websites of Stock Exchange *(www.hkexnews.hk)* and the Company *(www.zhsuccess.com)* after the EGM.

RECOMMENDATION

The Directors consider that the terms of the Agreement and the Acquisition are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution in relation to the Agreement, the Acquisition, the issuance of the Consideration shares and the relevant transactions contemplated thereunder, as set out in the notice of the EGM.

GENERAL INFORMATION

Your attention is drawn to the 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

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)

30 October 2015

To the Independent Shareholders,

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF PROPERTY PROJECT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

We refer to the circular of the Company dated 30 October 2015 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to consider the Acquisition and to advise you as to whether, in our opinion, the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned. V Baron Global Financial Services Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

We also wish to draw your attention to (i) the letter from the Board; (ii) the letter from the Independent Financial Adviser; and (iii) the additional information set out in the appendices to the Circular.

Having considered the terms of the Agreement and the transactions contemplated thereunder, and having taken into account the opinion of the Independent Financial Adviser and, in particular, the factors, reasons and recommendations as set out in the letter from the Independent Financial Adviser from pages 24 to 35 of the Circular, we consider that the terms of the Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Independent Shareholders and the Company as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution which will be proposed at the EGM to approve, among other matters, the Acquisition and the issue of Consideration Shares.

Yours faithfully,
For and on behalf of
The Independent Board Committee of
ZH International Holdings Limited
Liu Qiao **Liu Da** **Ma Yuntao**
Independent non-executive Directors

The following is the full text of the letter of advice from V Baron to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

建泉環球金融服務有限公司
V Baron Global Financial Services Limited

18/F., Prosperity Tower
39 Queen's Road Central
Hong Kong

30 October 2015

To: The Independent Board Committee and the Independent Shareholders of
ZH International Holdings Limited

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF PROPERTY PROJECT

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 30 October 2015 (the "**Circular**"), of which this letter of advice forms part. Unless the context requires otherwise, capitalised terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed "Definitions" in this Circular.

With reference to the Announcement, the Company and the Vendor entered into the Agreement on 2 October 2015, pursuant to which, the Vendor conditionally agreed to sell and the Company conditionally agreed to acquire the Sale Share. The Consideration of HK$405,000,000 will be satisfied entirely by the issue of Consideration Shares by the Company. Upon Completion, all members of the Target Group will become wholly-owned subsidiaries of the Company and their financial results will be consolidated into the Group's financial statements.

With reference to the Letter from the Board, the Vendor is the controlling shareholder (as defined in the Listing Rules) of the Company and a non-executive Director, the Vendor is therefore a connected person of the Company. Accordingly, the Acquisition and the transactions contemplated thereunder constitute connected transactions for the Company under Chapter 14A of the Listing Rules. In addition, as the applicable percentage ratios as defined in Chapter 14 of the Listing Rules in respect of the Acquisition and the transactions contemplated thereunder are more than 25%, the Acquisition and the transactions contemplated thereunder are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Independent Board Committee, comprising Mr. Liu Da, Dr. Liu Qiao and Mr. Ma Yuntao, all being the independent non-executive Directors, has been established to advise the Independent Shareholders as to (i) whether the Acquisition is in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Acquisition and the transactions contemplated thereunder at the EGM.

As at the Latest Practicable Date, apart from having acted as the independent financial adviser of the Company relating to an unconditional mandatory cash offer which a composite document dated 6 July 2015 was issued, and the existing engagement in connection with the Acquisition and the transactions contemplated thereunder, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of their associates. We consider ourselves independent to form our opinion in respect of the Acquisition and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion with regard to the Acquisition and the transactions contemplated thereunder, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Announcement and this Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of this Circular. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Company in this Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in this Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in this Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that 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 in this Circular or this Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of this Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group and the Vendor, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Any subsequent developments may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Group or the Target Group, and we have not been furnished with any such evaluation or appraisal, save and except for the valuation report of the Property Project (the "**Valuation Report**") as set out in Appendix IV to this Circular. The Valuation Report was prepared by the Independent Valuer. Since we are not experts in the valuation of land and properties, we have relied solely upon the Valuation Report for the market value of the Property Project as at 31 July 2015 (the "**Valuation**").

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Acquisition and the transactions contemplated thereunder, we have considered the following principal factors and reasons:

1. Background of and reasons for the Acquisition

(a) Background information of the Group

As stated in the Letter from the Board, the Group is principally engaged in property development, property investment and trading, hotel operations and securities trading and investment in Hong Kong and overseas.

The following is a summary of the key audited financial information of the Group for the financial years ended 31 March 2015 and 2014 as extracted from the annual report of the Company for the financial year ended 31 March 2015 (the "**2014/15 Annual Report**"):

	For the financial year ended 31 March 2015	For the financial year ended 31 March 2014
	HK$'000	*HK$'000*
Revenue	60,661	32,483
Loss for the year attributable to owners of the Company	(54,920)	(43,503)

According to the 2014/15 Annual Report, the Group recorded a turnover of approximately HK$60.7 million for the financial year ended 31 March 2015, representing an increase of approximately 86.7% as compared to that of approximately HK$32.5 million for the financial year ended 31 March 2014. The increase was mainly attributable to an increase in revenue from property investment and management in the U.S. by AHR (as defined below) and GMR (as defined below) by approximately HK$29.0 million from approximately HK$1.4 million for the financial year ended 31 March 2014 to approximately HK$30.4 million for the financial year ended 31 March 2015, which was a new reportable operating segment under the new corporate strategy to transform the Company from an investment holding company to an owner and manager of real estate investment trusts since December 2013. American Housing REIT Inc. ("**AHR**") and Global Medical REIT Inc. ("**GMR**") are two subsidiaries of the Group in the U.S. which primarily invest in single-family rentals ("**SFRs**") and specialized, high-acuity medical facilities, respectively. With reference to the 2014/15 Annual Report, AHR has so far acquired over 170 SFRs; while GMR completed the acquisition of its first and second medical facilities in the U.S. in June 2014 and September 2014 respectively.

Due to mainly the increase in legal and professional fees in relation to secondary listing and other prospective fund raising exercises, the loss attributable to owners of the Company for the financial year ended 31 March 2015 increased to approximately HK$54.9 million as compared to a loss of approximately HK$43.5 million for the financial year ended 31 March 2014.

As extracted from the 2014/15 Annual Report, the Group owns a diverse range of quality hotels, residential and commercial properties spanning Singapore, Hong Kong, Japan and the U.S. The Group's Singapore portfolio, being Dakota Residences and Southbank Soho, is concentrated in locations near Mass Rapid Transit stations. In addition to some smaller properties, the Group owns two floors of a prime office building located in Central of Hong Kong. The Group also currently owns two hotels in Tokyo downtown and Sapporo of Japan. With regard to the U.S., as mentioned above, the Group, through AHR and GMR, owns over 170 SFRs and two medical facilities. On top of those, the Group owns a 273,200 square metre ("**sq.m.**") freehold parcel of land in California and two residential units situated on Wall Street in New York.

In the future, the Group will remain open and prudent, and identify potential opportunities proactively in the new and emerging industries in order to promote the sustainable and steady development of the Company. The Group is confident in, and capable of, converting more development opportunities in the course of the acceleration of urbanization in the PRC, and it is the Group's intention to continue leverage on the PRC property development and investment experience of its new management team to explore projects with good potential in the PRC. The Group will also explore suitable investment, expansion and financial and fund raising opportunity for bringing returns for all Shareholders.

(b) Information of the Target Group and the Property Project

As stated in the Letter from the Board, the Target Company is an investment holding company incorporated in the BVI, which indirectly holds 100% interest in Henan Jingkai. Henan Jingkai is a PRC incorporated company principally engaged in property development and investment. The Target Group is primarily engaged in real estate development and investment, which owns the Property Project in Zhengzhou city in the PRC. Details of the Property Project as at 31 July 2015 are set out in the table below:

Type of land usage	Target Group's shareholding *(%)*	Total gross floor area *(sq.m.)*	Current status	Expected completion year
Commercial and financial	100	296,046	Under development	2017 4th quarter

The Property Project consists of a land parcel located at the Economic and Technological Development Zone of Zhengzhou city with a site area of 47,736.04 sq.m. and has a gross floor area of approximately 296,000 sq.m. The land parcel is designated for commercial and financial usage. It is intended that the Property Project will be developed into 9 blocks of commercial centers for sale which comprises office (approximately 174,000 sq.m.), apartments (approximately 28,000 sq.m.) and retail space (approximately 12,000 sq.m.) with the remaining being public area, carparking spaces and other ancillary purposes.

As referred to in the Letter from the Board, as at the Latest Practicable Date, block 1 of the Property Project had completed structural roof sealing and the construction of other blocks were in progress. Pre-sales for block 1 and block 9 (first to ninth floors) were commenced in August 2015 with revenue recognized up until 2018. It is expected that the other blocks will be launched for pre-sale in November 2015 and thereafter. It is also expected that the Property Project will be completed at the last quarter of 2017 and the estimated budget throughout the remaining development period of the Property Project is approximately RMB900 million (equivalent to approximately HK$1,098 million), which will be primarily financed by the Financial Support (as defined in the Letter from the Board) from Zensun and the proceeds from the pre-sales. For details of the Financial Support, please refer to the section headed "Financial assistance from the Vendor" of the Letter from the Board.

With reference to the Valuation Report, the Valuation of the Property Project was approximately RMB485 million (equivalent to approximately HK$591.7 million) as at 31 July 2015.

Financial information of the Target Group

Set out below is the audited financial information of the Target Group for the period from 20 January 2015 (being the date of incorporation of Henan Jingkai) up to 31 July 2015, as extracted from Appendix II to this Circular:

	From 20 January 2015 to 31 July 2015
	RMB'000
Net loss before and after taxation	(835)

	As at 31 July 2015
	RMB'000
Net asset value	299,165

As depicted by the above table, the Target Group made minimal loss of approximately RMB0.8 million (equivalent to approximately HK$1.0 million) from 20 January 2015 up to 31 July 2015. The loss represented mainly selling and marketing expenses, and general and administrative expenses. Moreover, the net asset value of the Target Group was approximately RMB299.2 million (equivalent to approximately HK$365.0 million) as at 31 July 2015. Taking into account the Valuation, the Reassessed NAV of the Target Group as at 31 July 2015 was approximately RMB353.9 million (equivalent to approximately HK$431.8 million).

(c) Reasons for and possible benefits of the Acquisition

As aforementioned, it is the Group's intention to continue leverage on the PRC property development and investment experience of its new management team to explore projects with good potential in the PRC. The Directors consider that the Acquisition represents a strategic expansion of the Group which is in line with the Group's general business strategy. The Property Project held by the Target Group comprises properties under development for sale. Such Property Project is expected to have positive impact on contracted sales, cash flows, revenue and profit after Completion, by directly leveraging the Group's brand recognition and management expertise.

With reference to the 2014/15 Annual Report, Joy Town became the new controlling shareholder of the Company as of 29 June 2015. Since then, Joy Town introduced new members to the Board and management team of the Company, many of them are experienced in the real estate development industry with experience in the PRC. In particular, the chairman, executive Director and chief executive officer of the Company, Mr. Zhang Jingguo ("**Mr. Zhang**"), has approximately 20 years of experience in the real estate development industry in the PRC. He co-founded a real estate development company in Henan province with the Vendor, which has become one of the top 100 real estate enterprises in the PRC. The real estate development projects of this company are mainly located in Zhengzhou, the municipal city of Henan province, and it also has other successful projects under operations in areas such as Luoyang city, Xinyang city and Xinxiang city in Henan province, Qingdao city in Shandong province, and Wenchang city in Hainan province. The Company believes that the expertise and experience of Mr. Zhang would be beneficial to the Group's business expansion into the real estate development industry in the PRC.

In addition, we have researched over the Internet and we noted from the website of the Statistical Information of Zhengzhou (http://www.zzstjj.gov.cn/) that the total sales area and value of sales of commercialized buildings (商品房), which includes residential buildings, offices and commercial buildings, sold in Zhengzhou city had reached approximately 9.3 million sq.m. and RMB70.7 billion for the seven months ended 31 July 2015, representing an increase of approximately 24.5% and 18.5% respectively when compared to those over the same period in 2014. Furthermore, Zhengzhou city also recorded strong social and economic growth. With reference to the statistics released by the same website, the residential population of Zhengzhou city had reached approximately 9.4 million in 2014, representing an increase of approximately 2.0% to that of 2013. The gross domestic product, per capita disposable income of urban household and investment in fixed assets of Zhengzhou city amounted to approximately RMB678.3 billion, RMB29,095 and RMB526.0 billion, representing an increase of approximately 9.5%, 9.3% and 20.1% respectively to those of 2013. As such, we are of the view that the outlook of the property market in Zhengzhou city would likely to be positive, and hence the Property Project (which is located in Zhengzhou city) may allow the Group to enhance its revenue and broaden its earnings base by penetrating into the real estate development industry in Zhengzhou city.

Having considered that (i) the Property Project is in line with the Group's business strategy to expand into the real estate development industry in the PRC; (ii) the Company may be benefited from the expertise and experience of its management team for the business expansion into the real estate development industry in the PRC; and (iii) the outlook of the property market in Zhengzhou city would likely to be positive, and hence the Property Project may allow the Group to enhance its revenue and broaden its earnings base by penetrating into the real estate development industry in Zhengzhou city, we are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Agreement

On 2 October 2015, the Company and the Vendor entered into the Agreement, pursuant to which, the Vendor conditionally agreed to sell and the Company conditionally agreed to acquire the Sale Share. The Consideration of HK$405,000,000 will be satisfied entirely by the issue of Consideration Shares by the Company.

The Consideration

The Directors advised us that the Consideration of HK$405,000,000 (including the Issue Price) was determined after arm's length negotiations between the Company and the Vendor with reference to the net assets of the Target Group and the Valuation. In this relation, we noted that given that the Valuation was RMB485 million (equivalent to approximately HK$591.7 million) which led to an increase in net asset value of the Target Group by approximately RMB54.8 million (equivalent to approximately HK$66.8 million), the Reassessed NAV of the Target Group as at 31 July 2015 (as adjusted by the Valuation) was approximately RMB353.9 million (equivalent to approximately HK$431.8 million). The Consideration therefore represents approximately 6.2% discount to the Reassessed NAV.

The Consideration will be satisfied by the issuance of 1,350,000,000 Consideration Shares credited as fully paid at the Issue Price of HK$0.30 per Share to the Vendor (or her nominees) on Completion.

The Valuation

To assess the fairness and reasonableness of the Consideration, we have reviewed the Valuation Report and discussed with the Independent Valuer regarding the methodology adopted for and the basis and assumptions used in arriving at the Valuation. In the course of our discussion with the Independent Valuer, we noted that the Independent Valuer carried out a site visit to the Property Project on 9 September 2015 and inspected the properties of the Property Project. Based on the Valuation Report, the Independent Valuer has adopted the market approach as the principal methodology and has also taken into account the expended construction costs and the costs that will be expended to complete the development of the Property Project. As further confirmed by the Independent Valuer, the aforesaid approach is universally considered as an accepted valuation approach for valuing most forms of real estate and is also consistent with normal market practice.

For our due diligence purpose, we have reviewed and enquired into (i) the terms of engagement of the Independent Valuer with the Company; (ii) the Independent Valuer's qualification and experience in relation to the preparation of the Valuation Report; and (iii) the steps and due diligence measures taken by the Independent Valuer for conducting the Valuation. From the engagement letter and other relevant information provided by the Independent Valuer and based on our interview with it, we are satisfied with the terms of engagement of the Independent Valuer as well as its qualification and experience for preparation of the Valuation Report. The Independent Valuer has also confirmed that it is independent to the Group, the Vendor and their respective associates. We have also reviewed the comparable sales transaction adopted by the Independent Valuer and discussed with the Independent Valuer regarding the reasons for adoption of those comparables and the calculations to arrive at the Valuation.

Further details of the basis and assumptions of the Valuation are included in the Valuation Report as contained in Appendix IV to this Circular. During our discussion with the Independent Valuer regarding the basis and assumptions of the Valuation, we have not found any material facts which may lead us to doubt the principal basis and assumptions adopted for or the information used in the Valuation. Nevertheless, Shareholders should note that valuation of assets or properties usually involves assumptions and therefore the Valuation may or may not reflect the true market value of the Property Project accurately.

In light of that the Consideration represents approximately 6.2% discount to the Reassessed NAV, we are of the view that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

The Consideration Shares

According to the Letter from the Board, the 1,350,000,000 Consideration Shares represent (i) approximately 33.5% of the existing issued share capital of the Company; and (ii) approximately 25.1% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The Consideration Shares when allotted and issued, will rank *pari passu* in all respects among themselves and with all existing Shares then in issue on the date of such allotment and issue, including the right to receive all future dividends and distributions declared, made or paid by the Company on or after the date of the issue of the Consideration Shares. The Consideration Shares will be issued pursuant to a specific mandate to be obtained from the Independent Shareholders at the EGM.

The Issue Price of HK$0.30 per Consideration Share represents:

(i) a premium of approximately 17.6% over the closing price of HK$0.255 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

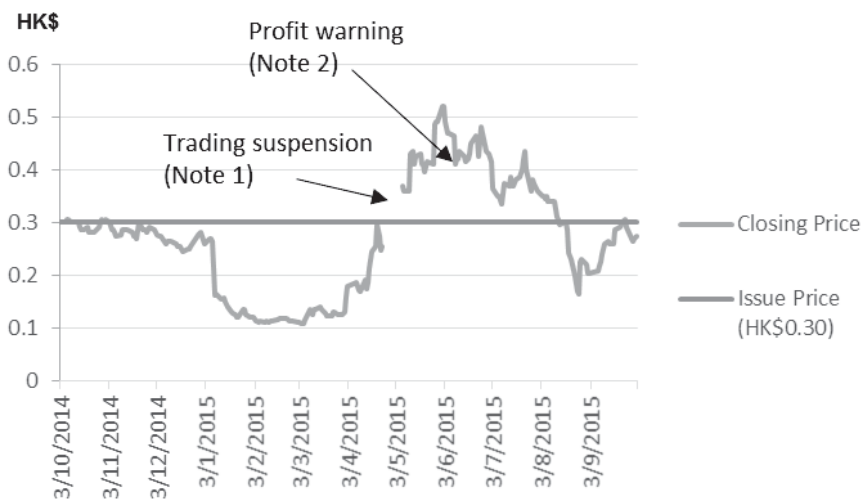
(ii) a premium of approximately 9.1% over the closing price of HK$0.275 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a premium of approximately 6.8% over the average closing price of approximately HK$0.281 per Share as quoted on the Stock Exchange for the last 5 trading days immediately preceding and including the Last Trading Day; and

(iv) a premium of approximately 46.8% over the audited net asset value of the Group attributable to the Shareholders of approximately HK$0.2043 per Share as at 31 March 2015.

Historical Share price performance

Set out below is the daily closing price of the Shares as quoted on the Stock Exchange for the period from 3 October 2014, being the twelve calendar months prior to the Agreement, up to and including the Last Trading Day (the "**Review Period**"):



Source: website of the Stock Exchange

Notes:

1. Trading in the Shares was suspended from 27 April 2015 to 6 May 2015 (both dates inclusive) pending the publication of a joint announcement regarding the mandatory general offer of the Company.

2. The Company issued a profit warning announcement on 9 June 2015.

We noted that the closing Share prices ranged from HK$0.109 per Share to HK$0.52 per Share with a mean of approximately HK$0.271 per Share during the Review Period. Trading in the Shares was suspended from 27 April 2015 to 6 May 2015 (both dates inclusive) pending the publication of a joint announcement in relation to the mandatory general offer of the Company. Since the release of the joint announcement on 6 May 2015, the closing Share price surged and peaked at HK$0.52 per Share on 1 June 2015 and 2 June 2015, and then fluctuated up and down with a general downward moving trend. Save for the upswing of the closing Share price due to largely the mandatory general offer of the Company, the market prices of the Shares at most of the time during the Review Period closed below the Issue Price.

Taking into account that the Issue Price represents (i) premiums of approximately 9.1%, 6.8% and 46.8% over the closing price of HK$0.275 per Share on the Last Trading Day, the average closing price of approximately HK$0.281 per Share for the last 5 trading days immediately preceding and including the Last Trading Day and the audited net asset value of the Group attributable to the Shareholders of approximately HK$0.2043 per Share as at 31 March 2015, respectively; and (ii) a premium of approximately 10.7% over the mean of the closing Share prices of approximately HK$0.271 per Share during the Review Period, we are of the view that the Issue Price is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

Lockup undertaking:

Pursuant to the Agreement, the Vendor agrees and undertakes to the Company not to dispose of or otherwise deal in the Consideration Shares for a period of six months after the date of Completion unless prior written approval has been obtained from the Company. We are of the opinion that such lockup arrangement is favourable to the Company.

3. Potential dilution effects

Based on the table under the section headed "Effect on the shareholding structure" of the Letter from the Board, as at the Latest Practicable Date, the Independent Shareholders were interested in approximately 44.69% of the issued share capital of the Company. Upon Completion, the aggregate shareholding interests of the Independent Shareholders in the Company would be diluted by approximately 11.21 percent point to approximately 33.48%.

Having considered the reasons for and possible benefits of the Acquisition, and the analyses on the fairness and reasonableness of the Consideration and the Issue Price, we consider that the potential dilution in the shareholding interests of the Independent Shareholders in the Company upon Completion is acceptable.

4. Possible financial effects of the Acquisition

As advised by the Directors, immediately upon Completion, all members of the Target Group will become subsidiaries of the Company and their results will be consolidated into the financial statements of the Group.

(a) Net asset value

According to the 2014/15 Annual Report, the net assets of the Group amounted to approximately HK$739.3 million as at 31 March 2015. Based on the unaudited pro forma financial information on the Enlarged Group as set out in Appendix III to this Circular, assuming the Acquisition had taken place on 31 March 2015, the net assets of the Group would have increased to approximately HK$1,153.2 million.

(b) Liquidity

According to the 2014/15 Annual Report, the bank balances and cash of the Group as at 31 March 2015 amounted to approximately HK$47.1 million. Given that the Acquisition will not involve any immediate cash outlay of the Group (save for the payment of related expenses) as the Consideration will be satisfied entirely by the issue of Consideration Shares by the Company, such settlement method would enable the Group to conserve more financial resources for its future development.

(c) Financial leverage

Based on the 2014/15 Annual Report, the gearing ratio (defined as the ratio of total borrowings less bank balances and cash and pledged bank deposits to total assets) was approximately 24.7% as at 31 March 2015. Based on the unaudited pro forma financial information on the Enlarged Group as set out in Appendix III to this Circular, the total borrowings, bank balances and cash, pledged bank deposits and total assets of the Enlarged Group would be approximately HK$399.5 million, HK$50.5 million, HK$63.4 million and HK$1,764.3 million respectively, with gearing ratio of approximately 16.2% upon Completion.

It should be noted that the above analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon Completion.

RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the opinion that (i) the Acquisition is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Acquisition and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
V BARON GLOBAL FINANCIAL SERVICES LIMITED
Ernest Lam
Managing Director

Mr. Ernest Lam is a licensed person and responsible officer of V Baron Global Financial Services Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 14 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 March 2013, 2014 and 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 2013 published on 29 July 2013 (page 66 to 237);
- annual report of the Company for the year ended 31 March 2014 published on 28 July 2014 (page 75 to 253); and
- annual report of the Company for the year ended 31 March 2015 published on 29 July 2015 (page 66 to 162).

2. INDEBTEDNESS

Borrowings and indebtedness

As at the close of business on 31 August 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Circular, the Enlarged Group has outstanding borrowings of approximately HK$525.4 million, comprising mortgage loans of approximately HK$75.0 million, bank loans of approximately HK$233.3 million and shareholder loans of approximately HK$217.1 million provided by Zensun. The Enlarged Group's bank borrowings were secured by certain land and buildings and prepaid lease payments, investment properties, financial assets at fair value through profit or loss, bank deposits and motor vehicle of the Group with carrying value of approximately HK$661.5 million.

Contingent liabilities

As at the close of business on 31 August 2015, the Enlarged Group had no material contingent liabilities.

Debt securities

As at the close of business on 31 August 2015, the Enlarged Group had no debt securities issued and outstanding.

Financial Guarantee

As at 31 August 2015, the Group provided a financial guarantee to a bank in respect of banking facilities granted to a then subsidiary (which was partly disposed of and the retained interest by the Group is now 10% and classified as available-for-sale financial assets). The aggregate amount that could be required to be paid if the guarantee was called upon is approximately HK$11.0 million.

Disclaimer

Save as aforesaid and apart from the intra-group liabilities, as at the close of business on 31 August 2015, the Enlarged 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.

3. WORKING CAPITAL

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

4. 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 March 2015, being the date to which the latest published audited consolidated financial statement of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Following completion of the Acquisition, the Enlarged Group will continue to be principally engaged in the business of property development, real estate investment and management and hotel operation, and look for investment opportunities which strength 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 new management team to seek to develop suitable projects with potential to deliver value to our Shareholders. They will be conducted through cooperation to explore capital resources, reduce capital investment at early stage and facilitate projects development. The management remains cautiously optimistic on the long-term prospects of the industry and will quicken the 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 US

In the US, the Group has two U.S. Over-The-Counter ("**OTC**") listed REITs, namely Global Medical REIT Inc. ("**GMR**") and 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.

GMR

GMR was listed on the OTC since 2012. As an OTC-listed company, GMR is regulated by the Securities and Exchange Commission in the United States. GMR is 99%-held by the Company and managed by IAM, which distributed its maiden distribution in July 2014, and it is building a medical real estate portfolio of specialised, high-acuity medical facilities, and seeks to pay monthly distributions with a higher-than-average annualised yield of 8%. GMR's strategy is to acquire licencsed, specialised medical facilities leased to locally-dominant health care providers on long-term leases with annual rent increases. These leases are structured as triple net which require the tenant to pay for all property operating expenses including property taxes, insurance, maintenance, and capital expenses. GMR targets situations where healthcare operators wish to monetize their real estate to redeploy into core health care operations and immediate growth initiatives. A key differentiator is GMR's preference for high-acuity single-tenanted properties which require deep health care knowledge and industry expertise to underwrite creating an investment "barrier to entry" for "generalist" real estate investors that focus on generic office, residential, and retail real estate.

GMR acquires property on a long-term sale-leaseback basis which provides GMR with secured, predictable, growing rent income. GMR's deep experience and contacts within the health care real estate community enable GMR to source non-brokered investment opportunities off-market and on favourable terms. GMR is able to originate property acquisitions with healthcare operators directly by catering specifically to their capital, accounting, legal, regulatory, and strategic needs.

GMR has been continually seeking suitable investment projects to strengthen its pipe-line. As part of its expansion strategy, it has recently acquired a hospital in Texas with total floor area of 104,369 square feet, as detailed in the Company's announcement dated 9 October 2015. GMR is presently working with relevant professional parties in United States to explore the possibility of migrating its listing status from the OTC to the New York Stock Exchange ("NYSE"). The Group expects a more concrete plan will be ready in 2016 calendar year and the Group will make appropriate announcements as soon as such decision materializes.

AHR

AHR was listed on the OTC in 2010. As an OTC-listed company, AHR is regulated by the Securities and Exchange Commission in the United States. AHR is currently 99%-controlled by the Company and it owns a portfolio of single-family rentals primarily in Texas, Florida, Georgia and North Carolina, and seeks to pay a significantly higher-than-average annualised yield quarterly. It hopes to migrate to the NYSE by the end of 2016.

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 Japan hotel operation, the Group 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.

The management will continue to streamline the corporate structure, divest non-core non-performing businesses and seek viable business opportunities in accordance with its overall strategy and closely monitor the market situation and enhance all areas of operations, to raising levels of financial discipline and improving profitability within the Group in order to deliver the best returns to the Shareholders.

At the Latest Practicable Date, the Group is not in negotiation of or prepare to enter into any agreement, arrangement, undertaking and understanding in respect of any acquisition or development that would lead to change in the existing principal business of the Group.

The following is the text of a report received from the Company's reporting accountant, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

Deloitte.
德勤

30 October 2015

The Directors
ZH International Holdings Limited

Dear Sirs,

We set out below our report on the consolidated financial statements relating to Vigor Capital Holdings Limited ("**Vigor**") and its subsidiaries (hereinafter collectively referred to as the "**Vigor Group**") for the relevant period from 20 January 2015 to 31 July 2015 (the "**Relevant Period**") for inclusion in the circular of ZH International Holdings Limited (the "**Company**") dated 30 October 2015 (the "**Circular**") issued in connection with the proposed acquisition of the entire issued share capital of Vigor which indirectly owns a property development project in Zhengzhou City, Henan, the People's Republic of China ("**PRC**").

Vigor was incorporated in the British Virgin Islands ("**BVI**") with limited liability on 5 March 2015. The principal activity of Vigor is investment holding.

At the end of the reporting period and the date of this report, Vigor has the following subsidiaries:

Name of subsidiary	**Place and date of incorporation/ establishment**	**Issued and fully paid share capital/ registered capital**	**Attributable equity interest held by Vigor**		**Principal activities**
			At 31 July 2015	**Date of report**	
Direct subsidiary:					
Total Star Development Limited ("**Total Star**")	Hong Kong 6 March 2015	1 ordinary share of HK$1	100%	100%	Investment holding
Indirect subsidiary:					
Henan Zensun Jingkai Real Estate Limited* 河南正商經開置業有限公司 ("**Henan Jingkai**") *(Note)*	People's Republic of China ("**PRC**") 20 January 2015	Registered and paid up capital RMB300,000,000	100%	100%	Property development

Note: This is a wholly foreign owned enterprise.

* *For identification purpose only.*

The financial year end date of all companies comprising Vigor Group is 31 December.

No audited financial statements have been prepared for Vigor since the date of its incorporation as there is no statutory requirement in BVI for audited financial statements to be prepared and presented.

No audited financial statements have been prepared for the subsidiaries of Vigor since their respective dates of incorporation/establishment as they have not reached their first year end date requiring statutory audit.

For the purpose of this report, the directors of Vigor have prepared consolidated financial statements of Vigor Group for the Relevant Period in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Underlying Financial Statements**"). We have undertaken an independent audit of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The consolidated financial statements of Vigor Group for the Relevant Period set out in this report have been prepared from the Underlying Financial Statements. No adjustments to the Underlying Financial Statements are considered necessary in the preparation of this report for inclusion in the Circular.

The preparation of the Underlying Financial Statements is the responsibility of the director of Vigor who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the consolidated financial statements set out in this report from the Underlying Financial Statements, to form an independent opinion on the consolidated financial statements and to report our opinion to you.

In our opinion, the consolidated financial statements together with the notes thereon give, for the purpose of this report, a true and fair view of the financial position of the Vigor Group as at 31 July 2015 and of its financial performance and cash flows for the Relevant Period.

A. CONSOLIDATED FINANCIAL STATEMENTS OF THE VIGOR GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE RELEVANT PERIOD

	NOTES	*RMB'000*
Other income	*7*	7
Selling and marketing expenses		(280)
General and administrative expenses		(562)
Loss before taxation	*8*	(835)
Income tax expense	*9*	–
Loss and total comprehensive expense for the Relevant Period		(835)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2015

	NOTES	*RMB'000*
Non-current assets		
Property, plant and equipment	*13*	51
Current assets		
Properties under development for sale	*14*	430,220
Other receivables, deposits and prepayments	*15*	228
Bank balances and cash		3,799
		434,247
Current liabilities		
Accounts payable, deposits received and accrued charges	*16*	16,382
Amounts due to related companies	*17*	118,751
		135,133
Net current assets		299,114
Total assets less current liabilities		299,165
Capital and reserves		
Share capital	*18*	–
Accumulated losses		(835)
Capital reserve		300,000
Total equity		299,165

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE RELEVANT PERIOD

	Share capital *RMB'000*	Capital reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At 20 January 2015	–	–	–	–
Loss and total comprehensive expense for the Relevant Period	–	–	(835)	(835)
Contribution from Controlling Party	–	300,000	–	300,000
At 31 July 2015	–	300,000	(835)	299,165

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE RELEVANT PERIOD

	RMB'000
Operating activities	
Loss before taxation	(835)
Adjustments for:	
Interest income	(7)
Operating cash flows before movements in working capital	(842)
Increase in other receivables, deposits and prepayments	(228)
Increase in properties under development for sale	(416,511)
Increase in accounts payable, deposits received and accrued charges	2,673
Net cash used in operating activities	(414,908)
Investing activities	
Interest received	7
Purchase of property, plant and equipment	(51)
Net cash used in investing activities	(44)
Financing activities	
Advances from related companies	928,506
Repayments to related companies	(509,755)
Net cash from financing activities	418,751
Net increase in cash and cash equivalents and analysis of the balances of cash and cash equivalents at the end of the Relevant Period	
Bank balances and cash	3,799

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Vigor was incorporated in the BVI with limited liability on 5 March 2015. The principal activity of Vigor is investment holding. The principal activities of Vigor's subsidiaries are investment holding and property development in the People's Republic of China ("**PRC**"). Vigor's ultimate controlling party is Ms. Huang Yanping ("**Ms. Huang**" or "**Controlling Party**")), who is also the director of Vigor.

The address of the registered office and the principal place of business of Vigor is OMC Chambers, Wickhams Cay 1, Road Town, Tortola, BVI and 1 Gang Wan Lu, Guangcheng District, Zhengzhou City, Henan, PRC, respectively.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of Vigor.

2. GROUP REORGANIZATION AND BASIS OF PREPARATION

Henan Jingkai, which owns a property development project in Zhengzhou City, Henan, PRC was established in January 2015 and has been an indirect wholly-owned investee of Ms. Huang since the date of establishment. Vigor and Total Star were incorporated by Ms. Huang with the sole purpose to acquire Henan Jingkai from Henan Zensun Real Estate Co., Ltd. ("**Henan Zensun**"), a wholly-owned company of Ms. Huang. The agreed consideration for Total Star to acquire Henan Jingkai amounted to RMB300,000,000 and the acquisition was completed in 23 July 2015. The consideration of RMB300,000,000 was taken up by Ms. Huang during the Relevant Period as a capital injection.

For the purpose of the preparation of the consolidated financial statements of Vigor, to reflect the restructuring of companies under common control of Ms. Huang, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows have included the income, expenses and cash flows of its subsidiaries since their respective dates of incorporation/establishment. Also, the consolidated statement of financial position as at 31 July 2015 has included the assets and liabilities of Vigor and its subsidiaries at that date.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purposes of preparing and presenting the consolidated financial statements for the Relevant Period, Vigor Group has adopted and consistently applied all Hong Kong Accounting Standards ("**HKASs**"), HKFRSs, amendments and interpretations ("**HK(IFRIC)**") which are effective for annual periods beginning on or after 1 January 2015.

At the date of this report, the following new and revised HKFRSs and amendments to HKFRSs which may be relevant to Vigor Group have been issued but are not yet effective. Vigor Group has not early applied these new and revised HKFRSs and amendments to HKFRSs in the preparation of the consolidated financial statements:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2016

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued in 2014 which establishes a single model to deal with revenue arising from contracts with customers. When HKFRS 15 becomes effective, HKFRS 15 will supersede HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations.

HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract(s)
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract(s)
- Step 5: Recognise revenue when the entity satisfies a performance obligation

With regard to step 5, an entity should recognise revenue when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The director of Vigor will assess the impact on the application of HKFRS 15. For the moment, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Vigor Group performs a detailed review.

For other new and revised HKFRSs and amendments to HKFRSs, the director of Vigor does not expect a material impact on the amounts reported and disclosures made in the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the accounting policies set out below which conform to HKFRSs. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Vigor Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

The significant accounting polices adopted are set out as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Vigor and entities controlled by Vigor (its subsidiaries). Control is achieved when Vigor:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Vigor Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Vigor Group.

All intra-group assets and liabilities, equity, income, expenses and cash flows are eliminated in full on consolidation.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Properties under development for sale

Properties under development which are intended to be held for sale are carried at lower of cost and net realisable value and are shown as current assets. Net realisable value is determined by reference to estimated selling price less anticipated costs to completion of the development and costs to be incurred in marketing and selling the completed properties.

Cost includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised during construction period.

Properties under development are transferred to properties held for sale when the relevant completion certificates are issued by the respective government authorities.

Impairment

At the end of the reporting period, Vigor Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Vigor Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Vigor Group's financial assets are classified as loans and receivables, which include other receivables and bank balances and cash.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of Vigor Group after deducting all of its liabilities. Equity instruments issued by Vigor are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Vigor Group's financial liabilities (including accounts payable and accrued charges, and amounts due to related companies) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

Vigor Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Vigor Group derecognises financial liabilities when, and only when, the Vigor Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation

Taxation represents tax currently payable.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before taxation as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Vigor Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax is recognised in profit or loss.

Vigor Group has not recognised any deferred tax.

Retirement benefit costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Interest income recognition

Interest income from bank deposit is recognised when it is probable that the economic benefits will flow to Vigor Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from properties developed for sale in the ordinary course of business is recognised upon delivery of properties to the purchasers pursuant to the sales agreements. Deposits and instalments received from purchasers prior to delivery of properties are included in the consolidated statement of financial position under current liabilities.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Vigor Group's accounting policies, which are described in note 4, the director of Vigor is required to make judgements, estimate and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the Relevant Period in which the estimate is revised if the revision affects only that period, or in the Relevant Period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of properties under development for sale

Properties under development for sale are stated at lower of the cost and net realisable value. The net realisable value is the estimated selling price of the completed units (based on the current prevailing market conditions) less estimated selling expenses and estimated cost, of completion (if any), which are determined based on best available information and valuation performed by independent professional valuers. Where there is any decrease in the estimated selling price, revision in estimated selling expenses and/or estimated costs of completion arising from any changes to the property market conditions in the PRC, a loss will be recognised on the properties under development for sale in the consolidated statement of profit or loss and other comprehensive income.

6. SEGMENT INFORMATION

Vigor Group's chief operating decision maker, being the sole director of Vigor, regularly reviews the consolidated results of Vigor Group as a whole for the purpose of resource allocation and assessment of performance.

Vigor Group is engaged in property development in the PRC, and therefore the management considers that Vigor Group has only one operating and reportable segment, which is Vigor Group as a whole.

7. OTHER INCOME

Other income represents interest income from bank deposits.

8. LOSS BEFORE TAXATION

	RMB'000
Loss before taxation has been arrived at after charging:	
Auditor's remuneration	–
Depreciation of property, plant and equipment	–
Employee benefit expenses	
Director's emoluments	–
Other staff costs	
Salaries, bonuses and allowances	39
Retirement benefits costs	–
Total employee benefit expenses	39

9. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as there is no assessable profits in Hong Kong during the Relevant Period.

No provision of PRC Enterprise Income Tax has been provided as there is no assessable profits in the PRC during the Relevant Period.

The income tax expense for the Relevant Period can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	RMB'000
Loss before taxation	(835)
PRC Enterprise Income Tax at 25%	(209)
Tax effect of expenses not deductible for tax purposes	209
Income tax expense for the Relevant Period	–

10. DIRECTOR'S AND THE FIVE HIGHEST PAID EMPLOYEES REMUNERATION

(a) Director's emoluments

No remuneration were paid or are payable to Ms. Huang, the director of Vigor.

(b) Employees' emoluments

The emoluments of the five highest paid individuals of Vigor Group were as follows:

	RMB'000
Salaries and other benefits	24
Retirement benefits costs	–
Total	24

Their emoluments were within the following bands:

	Number of employee
Nil to RMB1,000,000	5

No emolument was paid to the director and the chief executive or the five highest paid individuals as an inducement to join or upon joining Vigor or as compensation for loss of office during the Relevant Period. The director did not waive any of the emoluments for the Relevant Period.

11. LOSS PER SHARE

No calculation of loss per share for the Relevant Period is presented as the information is considered not meaningful for the purpose of this report.

12. DIVIDEND

No dividend was proposed, declared or paid by Vigor Group during the Relevant Period.

13. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment
	RMB'000
AT COST	
At 20 January 2015	–
Additions	51
At 31 July 2015	51
ACCUMULATED DEPRECIATION	
At 20 January 2015	–
Provided for the Relevant Period	–
At 31 July 2015	–
CARRYING VALUES	
At 31 July 2015	51

Furniture, fixtures and equipment are depreciated using the straight-line method after taking into account their estimated residual value over their estimated useful lives of 5 years.

14. PROPERTIES UNDER DEVELOPMENT FOR SALE

Properties under development are all situated in the PRC and held under long term leases and are expected to be realised after twelve months from the end of the Relevant Period.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	RMB'000
Other receivables	104
Deposits	2
Prepayments	122
	228

16. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

	RMB'000
Construction cost payables	13,709
Deposits received from pre-completion sale of properties	2,073
Other payables and accrued charges	600
	16,382

17. AMOUNTS DUE TO RELATED COMPANIES

Amounts are unsecured, interest-free and repayable on demand.

Related companies are entities ultimately controlled by Ms. Huang.

18. SHARE CAPITAL OF VIGOR

	Number of shares	Share capital
		US$
Authorised:		
Ordinary shares of US$1 each	50,000	50,000
Issued and fully paid:		
Ordinary share of US$1	1	1

	RMB'000
Shown in the consolidated statement of financial position	–

19. RETIREMENT BENEFIT SCHEMES

According to the relevant laws and regulations in the PRC, the subsidiary established in the PRC is required to contribute a specified percentage of the payroll of their employees to retirement benefit schemes to fund the retirement benefits of their employees. The only obligation of Vigor Group with respect to the retirement benefit schemes is to make the required contributions under the respective schemes.

20. RELATED PARTY TRANSACTIONS AND BALANCES

Apart from the related party balances as stated in note 17, Vigor Group had the following transactions with related parties during the Relevant Period:

	RMB'000
Related company	
Project construction costs	2,300

The related company is ultimately controlled by Ms. Huang.

The key management personnel represents the director of Vigor whose remuneration is set out in note 10.

21. CAPITAL RISK MANAGEMENT

Vigor Group manages its capital to ensure that entities in Vigor Group will be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balances.

The capital structure of Vigor Group consists of debts, which include amounts due to related companies, and the equity attributable to equity holder of Vigor, comprising issued share capital.

The director of Vigor reviews the capital structure on a yearly basis. As part of this review, the director of Vigor considers the cost of capital and the and the risks associated with the capital, and will balance its overall capital structure through new share issues and debt financing when the need arises.

22. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	RMB'000
Financial assets	
Loans and receivables (including bank balances and cash)	3,903
Financial liabilities	
Amortised cost	133,060

b. Financial risk management objectives and policies

Vigor Group's financial instruments include other receivables, bank balances and cash, accounts payable and accrued charges and amounts due to related companies.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of Vigor manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from Vigor Group's financial instruments are credit risk and liquidity risk. The director of Vigor reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

At the end of the Relevant Period, the Vigor Group's maximum exposure to credit risk which will cause a financial loss due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk on liquid funds is limited because the funds were deposited with various creditworthy financial institutions located in the PRC.

Liquidity risk

Vigor Group monitors and maintains a level of cash and cash equivalents to finance Vigor Group's operations. In the opinion of the director of Vigor, Vigor Group does not have any significant liquidity risk exposure.

Vigor Group's policy is to regularly monitor its liquidity requirements to ensure that Vigor Group maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The financial liabilities at the end of the Relevant Period are non-derivative in nature and interest-free. The amounts due to related companies are repayable on demand. All other financial liabilities are repayable within one year.

c. Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The director of Vigor considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

B. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Vigor Group, Vigor or any of its subsidiaries have been prepared in respect of any period subsequent to 31 July 2015.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The following is the text of a report received from the Company's reporting accountant, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

Deloitte.
德勤

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF ZH INTERNATIONAL HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of ZH International Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the pro forma statement of assets and liabilities as at 31 March 2015 and related notes as set out on pages III-4 to III-7 of the circular issued by the Company dated 30 October 2015 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages III-4 to III-7 of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of Vigor that indirectly owns a property development property project on the Group's financial position as at 31 March 2015 as if the proposed acquisition had taken place at 31 March 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from consolidated financial statements of the Group for the year ended 31 March 2015, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("**HKSAE**") 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2015 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 30 October 2015

INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following unaudited pro forma statement of assets and liabilities of the Enlarged Group (the "**Unaudited Pro Forma Statement of Assets and Liabilities**") has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effects of the acquisition of the entire issued share capital of Vigor Capital Holdings Limited (the "**Acquisition**") which indirectly owns a property development project in Zhengzhou City, Henan, PRC ("**Target Group**") on the Group as if the Acquisition had been completed on 31 March 2015.

The Unaudited Pro Forma Statement of Assets and Liabilities is prepared based on (i) the audited consolidated statement of financial position of the Group as at 31 March 2015 which has been extracted from the Company's annual report for the year ended 31 March 2015; and (ii) the audited consolidated statement of financial position of the Target Group as at 31 July 2015 which has been extracted from the accountants' report thereon set out in Appendix III to this Circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the Acquisition; and (ii) factually supportable as if the Acquisition had been undertaken as at 31 March 2015.

The Unaudited Pro Forma Statement of Assets and Liabilities has been prepared by the Directors based on a number of assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group. Accordingly, the Unaudited Pro Forma Statement of Assets and Liabilities does not purport to describe the financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 31 March 2015, nor purport to predict the future financial position of the Enlarged Group.

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AT 31 MARCH 2015

	The Group as at 31 March 2015	Target Group as at 31 July 2015	Pro forma adjustments	The Enlarged Group as at 31 March 2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	
Non-current assets				
Property, plant and equipment	34,685	62		34,747
Investment properties	844,901			844,901
Interest in an associate	2,782			2,782
Interest in a joint venture	731			731
Deposit for acquisition of investment properties	775			775
Available-for-sale financial assets	2,718			2,718
Pledged bank deposits	6,711			6,711
	893,303			893,365
Current assets				
Inventories	200			200
Properties under development for sale	–	524,868	66,832	591,700
Accounts receivable, deposits and prepayments	31,298	278		31,576
Financial assets at fair value through profit or loss	39,855			39,855
Pledged bank deposits	56,649			56,649
Restricted bank balances	1,335			1,335
Bank balances and cash	47,087	4,635	(1,200)	50,522
	176,424			771,837
Investment properties classified as held for sale	99,142			99,142
	275,566			870,979
Current liabilities				
Accounts payable and accruals	23,419	19,986		43,405
Bank and other borrowings - due within one year	210,564			210,564
Amounts due to related companies	–	144,876		144,876
Obligations under finance leases	205			205
Tax liabilities	282			282
	234,470			399,332
Net current assets	41,096			471,647
Total assets less current liabilities	934,399			1,365,012
Non-current liabilities				
Rental deposits received	1,609			1,609
Bank and other borrowings - due after one year	188,937			188,937
Obligations under finance leases	561			561
Deferred tax liabilities	4,000		16,708	20,708
	195,107			211,815
Net Assets	739,292			1,153,197

Notes:

1. The balances are extracted from the published annual report of the Company for the year ended 31 March 2015.

2. The balances are extracted from the accountants' report of the Target Group as set out in Appendix III to this circular and translated into HK$ at the exchange rate of RMB1 to HK$1.22 prevailing at the close of business on 31 July 2015.

   No representation is made that RMB amounts have been, could have been or could be converted to HK$, or vice versa, at the applied rate or at any other rates or at all.

3. The Acquisition is accounted for using the acquisition method of accounting in accordance with Hong Kong Financial Reporting Standard ("**HKFRS**") 3 *Business Combinations*. The Directors believe that the acquired items constitute a business in accordance with HKFRS 3 (for example, construction activities and pre-completion sales activities had been started before the Acquisition). A pro forma bargain purchase of HK$10,105,000 arose from the Acquisition as if the Acquisition was completed on 31 March 2015.

   For the purpose of preparing the Unaudited Pro Forma Statement of Assets and Liabilities of the Enlarged Group, the pro forma fair values of the identifiable assets and liabilities (other than goodwill) of the Target Group as at 31 March 2015 are assumed to be the same as their carrying amounts as at 31 July 2015, except that the acquired properties under development to have a fair value of RMB485,000,000 (approximately HK$591,700,000 translated at the exchange rate of RMB1 to HK$1.22) as at 31 July 2015 with reference to an independent valuation report performed by APAC Asset Valuation and Consulting Limited as at that date. Corresponding deferred taxation amounting to HK$16,708,000 was recognised.

   The recognition of pro forma bargain purchase arising on the Acquisition as if the Acquisition had been completed as at 31 March 2015 is as follows:

	HK$'000
Consideration to be settled in Consideration Shares *(note a)*	405,000
Less: Pro forma fair value of identifiable net assets acquired *(note b)*	415,105
	10,105

   (a) Pursuant to relevant sale and purchase agreement, 1,350,000,000 ordinary shares of the Company (representing approximately 25.1% of the enlarged issued share capital of the Company) will be issued on the date of completion of the Acquisition. For the purposes of quantifying the consideration for the Acquisition, a share price of HK$0.30 per ordinary share has been used. HK$0.30 per share as set out in the Circular was arrived at by the parties to the sale and purchase agreement after arm's length negotiations, having taken into account, among other things, the average closing price of the ordinary shares of the Company for the five consecutive trading days preceding the date when the sale and purchase agreement was entered into.

   Direct attributable expenses of HK$1,200,000 are assumed to be incurred in relation to the issue of new shares.

   The closing price of the ordinary shares issued at the date of completion may be substantially different from the value of the Consideration Shares used in the preparation of Unaudited Pro Forma Statement of Assets and Liabilities of the Enlarged Group, which will affect the amount of goodwill or bargain purchase.

(b) The fair value of the identifiable assets and liabilities of the Target Group will be re-assessed at the date of completion of the Acquisition. The amount of bargain purchase to be recognised in connection with the Acquisition at the date of completion is therefore subject to change.

4. Apart from the Acquisition, no other adjustment has been made to the Unaudited Pro Forma Statement of Assets and Liabilities of the Enlarged Group, to reflect any trading results or other transactions entered into by the Group subsequent to 31 March 2015, or Target Group subsequent to 31 July 2015.

5. The Unaudited Pro Forma Statement of Assets and Liabilities at 31 March 2015 above does not constitute the Company's statutory annual consolidated financial statements for the year ended 31 March 2015 but is derived from those financial statements. Further information relating to the Company's statutory annual consolidated financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

   The Company has delivered these financial statements to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

   The Company's auditor has reported on these financial statements. The auditor's report was unqualified but included an other matter paragraph stating that the consolidated financial statements of the Group for the year ended 31 March 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 27 June 2014. The auditor's report did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance.

The following is the text of a report prepared for the purpose of incorporation in this circular received from APAC Asset Valuation and Consulting Limited, an independent valuer, in connection with its valuations as at 31 July 2015 of the property.

APAC Asset Valuation and Consulting Limited
Unit 08, 14/F, Loon Kee Building
267–275 Des Voeux Road Central, Hong Kong
T: (852) 2357 0059
F: (852) 2951 0799

The Directors
ZH International Holdings Limited
24th Floor, Wyndham Place,
40–44 Wyndham Street,
Central,
Hong Kong

30 October 2015

Dear Sirs,

In accordance with instructions of ZH International Holdings Limited (the "**Company**") for us to value the property interests held by 河南正商經開置業有限公司 (the "**Henan Jingkai**"), with details stated in the valuation certificate attached, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at 31 July 2015 (the "**Date of Valuation**") for public circular in respect of the proposed acquisition.

Valuation Basis

Our valuation is our opinion of Market Value which is defined by The Hong Kong Institute of Surveyors ("**HKIS**") Valuation Standards to mean ''the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.''

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This valuation is complied with the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors ("**HKIS**"). We have also complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**the Listing Rules**").

Valuation Assumptions

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the value of the property.

No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free of encumbrances, restrictions, outgoings of onerous nature and public information which could affect its value.

Valuation Methodology

We have valued the property on the basis that it will be developed and completed in accordance with the latest development proposal to us. We have assumed that all consents, approvals and licenses from relevant government authorities for these proposals have been obtained without onerous conditions or delays. In arriving at our opinion of value, we have adopted the Direct Comparison Method by making reference to the comparable sales transaction and asking prices as available in the relevant market and have also taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development.

Title and Assumptions

We have been provided with copies of extracts of title documents relating to the property. However, we have not caused title searches to be made for the property interest at the relevant government bureaus in the PRC and we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interest in the PRC, we have relied on the legal opinion ("t**he PRC legal opinion**") provided by the Company's PRC legal adviser, Commerce & Finance Law Offices.

Source of Information

We have relied to a considerable extent on information given by the Company, in particular, but not limited to, planning approvals, development schemes and schedule, incurred and outstanding development costs, statutory notices, easements, site and floor areas (including, but not limited to, gross floor areas, saleable floor areas, lettable floor areas, etc.), historical operation data. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided to us.

Site Inspections

Site inspection of the property was carried by Mr. Ben Lee, on 9 September 2015. We have inspected the exterior and, where possible, the interior of the property. We have not inspected those parts of the property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plan handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspection, we did not notice any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the property is or not free of rot, infestation or any other structural defects. No tests have been carried out on any of the services. Neither have we carried out site investigation to determine the suitability of the ground conditions or the services for any property development thereon. No structural survey has been carried out and it was not possible to inspect the wood work and other parts of the structures which were covered, unexposed or inaccessible. We are therefore, unable to report that the property is free of rot, infestation or any structural defects. No tests have been carried out on any of the building services.

No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free of encumbrances, restrictions and outgoings of onerous nature which could affect their values.

Limitation of Liabilities

This report is issued on the understanding that you have drawn our attention to all matters of which they are aware concerning the property which may have an impact on our report up to the Valuation Date. We have no responsibility to update this report for events and circumstances occurring after the date of completion of our assessment after Valuation Date but will be pleased to discuss further instructions as may be required.

Currency and Exchange Rate

Unless otherwise stated, all monetary amounts in our valuation are in Renminbi ("**RMB**").

Our valuation certificates are attached.

Yours faithfully,
For and on behalf of
APAC Asset Valuation and Consulting Limited
Ken Wong
MHKIS, MCIREA, RPS (GP)
Director

Note: Mr. Ken Wong is a Registered Professional Surveyor in General Practice Division of HKIS with over 15 years valuation experience on properties in Asian Pacific region, including Hong Kong, Taiwan, the PRC, etc.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2015
Zensun Jingkai Plaza, south of Hanghai East Road, east of Jingkai Ninth Street, Economic and Technological Development Zone, Zhengzhou, Hebei Province, The PRC	The property comprises a parcel of land with a site area of approximately 47,736.04 sq.m. with an office development is planned to be erected thereon. The property is planned to be developed into an office development with a total gross floor area of approximately 296,045.54 sq.m. The property is scheduled to be completed in 2017. Detail of the areas are as follow:	The property is under development.	RMB485,000,000

	Gross Floor Area *sq.m.*
Office	173,578.31
Apartment	27,685.54
Retail	11,672.73
Ancillary Facilities	1,839.87
Underground non civil defense	66,526.91
Underground civil defense	14,742.18
	296,045.54

The land use rights of the property were granted for a term expiring on 2 April 2055 for commercial and financial uses.

Notes:

1. Pursuant to the State-owned Construction Land Use Rights Grant Contract – 410100-CR-2015-0870-12653 and its Modification Agreement, the land use rights of the property with a site area of 47,736.04 sq.m. were granted to 河南正商經開置業有限公司 ("**Henan Jingkai**") for a consideration of RMB321,130,000 for a term 40 years for commercial and financial uses.

   Details of the Land Use Rights Grant Contract are as follow:

Site Area	:	47,736.04 sq m
Plot Ratio	:	<4.5
Land Usage	:	Commercial and Finance
Land Use Term	:	40 years
Maximum Building Height	:	100 m
Site Coverage	:	<40%
Ratio of Greenland	:	>25%
Commencement Date of the Construction	:	Before 2 February 2016
Completion Date of the Construction	:	Before 2 August 2018

2. Pursuant to the State-owned Land Use Rights Certificate – Zheng Guo Yong 2015 Di No. XQ1011, the land use rights of the property with a site area of 47,736.04 sq.m. were granted to Henan Jingkai for a term expiring on 2 April 2055 for commercial and financial uses.

3. Pursuant to the Construction Land Planning Permit – Zheng Gui Di Zi Di No. 410100201529014 dated 26 March 2015, Henan Jingkai was permitted to use a parcel of land with a site area of 47,736.04 sq.m. for development.

4. Pursuant to the Construction Work Planning Permit – Zheng Gui Jian (Jian Zhu) Zi Di No. 410100201529014 dated 14 May 2015, the construction work of the property was permitted with a total development scale of 296,045.54 sq.m.

5. Pursuant to 2 Construction Work Commencement Permits – Nos. 201507140201 and 201507010201, the construction work of the property with a construction scale of 296,045.54 sq.m. was permitted to commence.

6. Pursuant to the Commodity House Pre-sale Permit – (2015) Zheng Jing Fang Guan Yu Zi Di No. J150304, portion of the property with a gross floor area of 44,844.01 sq.m. was permitted to pre-sale.

7. As advised, as at the valuation date, the incurred and outstanding construction costs of the property was approximately RMB109,000,000 and RMB901,000,000 respectively. We have taken into account such amounts in our valuation.

8. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the followings:

   (i) Henan Jingkai has fully paid the land premium and is the legal owner of the land use rights of the property;

   (ii) Henan Jingkai has obtained all necessary approvals, permits and registration for the construction of the property;

   (iii) Henan Jingkai has obtained the ownership of the building of the property (except for the civil defense) and is entitled to transferred, leased, mortgaged or handled in other ways such portion of the property;

   (iv) Henan Jingkai has obtained the Commodity House Pre-sale Permit of portion of the property and is entitled to pre-sell such portion of the property; and

   (v) the property is free from mortgages and other encumbrances.

9. For reference purpose, if the property was completed as at the valuation date, the market value of the property was approximately RMB2,236,000,000.

10. In accordance with the information provided by the Company, the states of the title and grant of major approvals and licenses are as follows:

State-owned Construction Land Use Rights Grant Contract	Yes
State-owned Land Use Rights Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity House Pre-sale Permit	Yes

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. SHARE CAPITAL

The issued share capital of the Company as at the Latest Practicable Date were, and immediately after the issue of the Consideration Shares (assuming that save for the issue of the Consideration Shares, no new Shares will be issued from the Latest Practicable Date to the completion of the Acquisition) will be, as follows:

	Number of Shares	*HK$*
Issued and fully paid		
Shares in issue as at the Latest Practicable Date	4,031,419,969	226,327,826.85
Consideration Shares to be issued at the completion of the Acquisition	1,350,000,000	405,000,000.00
Total	5,381,419,969	631,327,826.85

All the existing Shares in issue are fully paid and rank pari passu in all respects including all rights as to voting, dividends and interests in capital. The Consideration Shares to be issued upon completion of the Acquisition will rank pari passu in all respects with all other Shares in issue as at the date of the completion of the Acquisition and be entitled to all dividends and other distributions the record date for which falls on or after the date of the completion of the Acquisition.

As at the Latest Practicable Date, the Company did not have any outstanding convertible debt securities.

3. 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 and upon Completion (assuming that save for the issue of the Consideration Shares, no change in shareholding structure of the Company from the Latest Practicable Date to the completion of the Acquisition), 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	As at the Latest Practicable Date		Upon Completion of the Acquisition	
		Number of Shares	*%*	*Number of Shares*	*%*
Mr. Zhang Jingguo	Spousal Interest *(Note 2)*	3,579,612,209	88.79	3,579,612,209	66.52
Ms. Huang Yanping	Interest of controlled corporation *(Note 1)*	2,229,612,209	55.31	2,229,612,209	41.43
	Beneficial owner *(Note 2)*	1,350,000,000	33.49	1,350,000,000	25.09
		3,579,612,209	88.79	3,579,612,209	66.52

Notes:

(1) These shares are owned by Joy Town Inc, which is wholly and beneficially owned by Ms. Huang Yanping.

(2) These shares are held by Ms. Huang Yanping. Pursuant to the Agreement date 2 October 2015, the Company would issue 1,350,000,000 Consideration Shares at an issue price of HK$0.30 per Share to Ms. Huang Yanping as the Consideration.

(3) Mr. Zhang Jingguo *(chairman, chief executive officer and executive Director of the Company)* is the spouse of Ms. Huang Yanping, he is deemed to be interested in 3,579,612,209 Shares.

Save as disclosed above, as at the Latest Practicable Date and upon Completion (assuming that save for the issue of the Consideration Shares, no change in shareholding structure of the Company from the Latest Practicable Date to the completion of the Acquisition), 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 March 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, in so far as the Directors were aware of, none of the Directors and their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

(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).

4. 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:

Name of Shareholder	Nature of interests	Number of Shares held in the Company	Percentage of the issued share capital of the Company
Joy Town Inc.	Beneficial Owner *(Note 1)*	2,229,612,209	55.31

Note:

(1) Ms. Huang Yanping is the sole director and shareholder of Joy Town Inc.

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.

5. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Enlarged 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 Enlarged Group.

6. 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 13 January 2014, Corporate Space Pte Ltd ("**CSPL**"), a company incorporated in Singapore with limited liability which is an indirect wholly owned subsidiary of the Company and OEL (Holdings) Limited ("**OEL**"), a company incorporated in Singapore with limited liability, the shares of which are listed on the SGX-ST, entered into a conditional and legally binding heads of agreement (supplemented on 11 February 2014), under which CSPL has agreed to sell, and OEL has agreed to purchase of the entire issued and paid-up share capital of each of Singapore Service Residence Pte Ltd ("**SSRPL**") and Expats Residences Pte Ltd ("**ERPL**"), companies incorporated in Singapore with limited liability which are wholly owned subsidiaries of CSPL, for an aggregate consideration of S$53.9 million. A definitive sale and purchase agreement ("**SPA**") was entered into between the parties on 28 February 2014. On 9 May 2014, the parties entered into a mutual termination agreement to terminate the SPA and that no party has any claim against any other party;

(b) On 28 March 2014, a loan agreement was entered into between Mr. Chan Heng Fai and the Company, pursuant to which Mr. Chan Heng Fai has agreed to grant an interest free loan of HK$60,000,000 to the Company for the purpose of the funding its US REIT investments. The loan was interest free, unsecured and fully repaid in March 2015;

(c) On 15 April 2014, Global Medical REIT, Inc. ("**GMR**"), a subsidiary of the Company entered into a sale and purchase agreement with LTACH Landlord, LLC ("**LTACH**"), pursuant to which GMR has agreed to acquire and LTACH has agreed to dispose of, a 56-bed long term acute care hospital located at 1870 S 75th Street, Omaha, Nebraska for a purchase price of approximately US$21.7 million. The acquisition was completed on 5 June 2014;

(d) On 6 May 2014, Ms. Teo Kim Hong (the "**Subscriber**") and the Company entered into a subscription agreement, pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to issue to the Subscriber, 53,000,000 new shares of the Company at the subscription price of HK$0.36 per share with an aggregate subscription price of HK$19,080,000. The subscription was completed on 22 May 2014 and the new shares was allotted and issued accordingly;

(e) On 19 June 2014, GMR entered into a sale and purchase agreement with HHA Asheville, LLC ("**HHA**"), pursuant to which GMR has agreed to acquire for and HHA has agreed to dispose of an approximately 8,840 square foot medical office building known as the Orthopedic Surgery Center, located in Asheville, North Carolina for approximately $2.52 million. The acquisition was completed on 19 September 2014;

(f) 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;

(g) 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;

(h) On 27 February 2015, the Company entered into an underwriting agreement with Mr. Chan Heng Fai ("Underwriter"), pursuant to which the Underwriter has agreed to underwrite all offer shares other than those undertaken to be applied for by the Underwriter 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;

(i) 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;

(j) 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;

(k) 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 on 25 September 2015;

(l) 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 is expected to be completed on or before 4 December 2015;

(m) The Agreement; and

(n) 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 is expected to be completed on or before 5 December 2015.

7. EXPERTS AND CONSENT

(a) The following is the qualification of the experts who have given opinions, letters or advice which are contained in this circular:

Name	Qualification
APAC Asset Valuation and Consulting Limited	Independent Qualified Valuer
V Baron Global Financial Services Limited	Independent Financial Advisor
Deloitte Touche Tohmatsu	Certified Public Accountants
Commerce & Finance Law Office	PRC legal adviser

(b) The above experts have given, and have not withdrawn, their respective written consent to the issue of this circular with the inclusion of the references to their name and/or their opinion in the form and context in which they are included.

(c) As at the Latest Practicable Date, the above experts do not have any shareholding, directly or indirectly, in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

(d) As at the Latest Practicable Date, the above experts do not have any interest, direct or indirect, in any asset which has been, since 31 March 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 Enlarged Group, or was proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

8. 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.

(d) This circular and the accompanying form of proxy are prepared in both English and Chinese. In the event of inconsistency, the English texts shall prevail.

9. 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 the date of the EGM:

(a) the articles of association of the Company;

(b) the annual reports of the Company for the three financial years ended 31 March 2013, 2014 and 2015;

(c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out from pages 22 to 23 of this circular;

(d) the letter from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders, the text of which is set out from pages 24 to 35 of this circular;

(e) the valuation report prepared by APAC Asset Valuation and Consulting Limited on the Property Project, the text of which is set out in Appendix IV to this circular;

(f) the consolidated accountant's report on the Target Group prepared by Deloitte Touche Tohmatsu on the Target Group, the text of which is set out in Appendix II to this circular;

(g) the unaudited pro forma financial information on the Enlarged Group prepared by Deloitte Touche Tohmatsu on the Enlarged Group the text of which is set out in Appendix III to this circular;

(h) the PRC Legal opinion prepared by Commerce & Finance Laws office on the Property Project;

(i) the written consents referred to in the paragraph headed "Experts and Consent" in this Appendix;

(j) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;

(k) this circular;

(l) the Agreement.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**Meeting**") of ZH International Holdings Limited (the "**Company**") will be held at Cliftons Hong Kong, Level 5, Hutchison House, 10 Harcourt Road, Central, Hong Kong on Tuesday, 17 November 2015 at 9:30 a.m. to consider and, if thought fit, transact the following business:

ORDINARY RESOLUTION

1. "**THAT**

(a) the sale and purchase agreement dated 2 October 2015 (the "**Agreement**") entered into between the Company (the "**Purchaser**") as the purchaser and Ms. Huang Yanping (the "**Vendor**") as the vendor, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire issued share capital of Vigor Capital Holdings Limited for a total consideration of HK$405,000,000 (the "**Acquisition**"), and all transactions contemplated under the Agreement and the Acquisition and in connection with each of them be and are hereby approved, confirmed and ratified;

(b) the allotment and issue to the Vendor of 1,350,000,000 shares of the Company credited as fully paid-up at the issue price of HK$0.30 per share (the "**Consideration Shares**"), as the consideration for the Acquisition, be and is hereby approved; and

(c) any one director of the Company be and is hereby authorized for and on behalf of the Company to sign, execute, perfect, perform and deliver all such agreements, instruments, deeds and documents and do all such acts or things and take all such steps as they may in their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement or given effect to or otherwise in connection with or incidental to the Agreement and all the transactions contemplated thereunder (including without limitation, the allotment and issue of the Consideration Shares) and to agree to such variations, amendments or waivers as are, in the opinion of the directors of the Company, in the interests of the Company."

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

Hong Kong, 30 October 2015

Registered and principal office:
24/F., Wyndham Place,
40–44 Wyndham Street,
Central, Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint another person as his/her proxy to attend and vote in his/her stead. A member who is the holder of two or more shares (the "**Shares**") in the Company may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company.

2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

3. In order to be valid, the form of proxy must be in writing under the hand of the appointer or of his/her attorney duly authorised in writing, or if the appointer is a corporation, either under seal, or under the hand of an officer or attorney duly authorised, and must be deposited with the share registrar of the Company, Tricor Friendly Limited, which is situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) not less than 48 hours before the time fixed for holding of the Meeting (or any adjournment thereof).

4. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

As at the date hereof, 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.