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**UNIVERSAL HEALTH INTERNATIONAL GROUP HOLDING LIMITED**  
**大健康國際集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2211)**

**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF 36.38% EQUITY INTEREST IN THE TARGET**  
**COMPANY**  
**INVOLVING ISSUE OF CONSIDERATION SHARES UNDER**  
**GENERAL MANDATE**

The Board is pleased to announce that on 9 May 2016 (after trading hours), the Company entered into the Agreement with the Vendor pursuant to which the Company conditionally agreed to purchase, and the Vendor agreed to, through Chuang Sheng, sell the Sale Interest at the consideration of approximately RMB270.3 million (equivalent to approximately HK\$322.2 million). The Consideration will be settled by a combination of cash and the issuance of the Consideration Shares.

**LISTING RULES IMPLICATIONS**

Since the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Agreement and the transaction contemplated thereunder constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

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## **THE AGREEMENT**

### **Date**

9 May 2016 (after trading hours)

### **Parties to the Acquisition Agreement**

Vendor: the Vendor

Purchaser: the Company

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Vendor, Chuang Sheng and the Target Company is third party independent of the Company and its connected persons.

### **Assets to be acquired**

Pursuant to the Agreement, the Company has conditionally agreed to purchase, and the Vendor has agreed to, through Chuang Sheng, sell the Sale Interest, representing 36.38% of the entire registered capital of the Target Company, subject to fulfilment of the Conditions Precedent.

### **The Consideration**

The Consideration for the sale and purchase of the Sale Interest shall be approximately RMB270.3 million (equivalent to approximately HK\$322.2 million).

The Consideration shall be payable by the Company to the Vendor in the following manner:

- (i) as to approximately RMB243.3 million (representing 90% of the Consideration and equivalent to approximately HK\$290.0 million) by issuance of the Consideration Shares to the Vendor or such other person or company as nominated by him at the Issue Price upon Completion; and
- (ii) as to approximately RMB27.0 million (representing the remaining 10% of the Consideration and equivalent to approximately HK\$32.2 million) in cash within 1 month from the date of issue of the Consideration Shares.

The Consideration was determined after arm's length negotiations between the parties to the Agreement after taking into consideration various factors, including but not limited to (i) the preliminary valuation of assets of the Target Company by Flagship Consulting (Hong Kong) Limited, an independent valuer, of RMB929.0 million (equivalent to approximately HK\$1,107.3 million); and (ii) the market potential of manufacturing and sales of medical hollow capsules. The Directors consider that the terms and conditions of the Agreement to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

### **Conditions Precedent**

Completion of the sale and purchase of the Equity Interest is subject to the following conditions:

- (a) the Company having informed the Vendor in writing that it is satisfied with the due diligence results in relation to financial, legal, tax and business aspects of the Target Company;
- (b) the Vendor having procured Chuang Sheng to sign or complete such transfer documents, authorization letter and other documents (including but not limited to equity transfer agreement for use in the PRC and board resolutions of the Target Company and Chuang Sheng approving the Agreement and the transactions contemplated thereunder) as required for the registration of the Company or its nominee as the owner of the Sale Interest;
- (c) the transfer of the Sale Interest having been registered at all the relevant government authority of the PRC;
- (d) the Agreement and the transactions contemplated thereunder having been complied with the Articles of Association of the Company and the requirements under the applicable laws, rules and regulations (including the Listing Rules);
- (e) all such necessary consent as required by law having been obtained from the shareholders of the Target Company in relation to the Acquisition (if necessary);
- (f) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares; and
- (g) all warranties, representations and undertakings given by the Vendor shall remain true, accurate and not misleading from the date of the Agreement to the completion date of the Agreement.

Pursuant to the Agreement, the parties shall use their best endeavors to fulfill the Conditions Precedent. If any of the Conditions Precedent has not been fulfilled before the Long Stop Date, the Company shall not be obliged to complete the purchase of the Sale Interest and the Agreement shall immediately cease and determined and any party to the Agreement shall have the right to claim against the other for any antecedent breaches of the terms thereof. However, the Company may choose to continue to complete the purchase of the Sale Interest and request the Vendor to fulfill any

of the outstanding conditions precedent after Completion. In addition, any party to the Agreement shall have the right to claim against the other for loss and damage as a result of not using their best endeavors to fulfill any of the conditions precedent.

## **Completion**

Completion of the Agreement shall take place within 3 Business Days (or such other later date as agreed between the parties) upon the Conditions Precedent being satisfied, fulfilled and/or waived (as the case may be).

## **CONSIDERATION SHARES**

The Consideration Shares comprise a total of 400,000,000 Shares which will be issued pursuant to the General Mandate. The Consideration Shares, when issued, would represent approximately 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by issue of the Consideration Shares.

The maximum number of Shares that can be issued under the General Mandate is 400,000,000 Shares. As at the date of this announcement, the General Mandate has not been utilised. Accordingly, the General Mandate is sufficient for the issue of the Consideration Shares and the issue of the Consideration Shares is not subject to the Shareholders' approval.

The issue price of the Consideration Shares amounts to HK\$0.725 per Consideration Share. The issue price represents the average closing price per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Agreement.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Consideration Shares. The Consideration Shares shall at all times rank pari passu among themselves and with the Shares in issue as at the date of issue of the Consideration Shares.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company incorporated in the PRC. As at the date of this announcement, the entire equity interest in the Target Company is held as to 40% by the Vendor through Chuang Sheng.

The Target Company, incorporated on 6 November 2007 with the registered share capital of RMB166 million, is a new high-tech enterprise whose businesses comprised of manufacturing, sales and research and development of hollow capsules, and is a leading capsule manufacturing enterprise in terms of scale in northeastern China. The current annual output of medical hollow capsule was approximately 15.0 billion, with plant capsule of approximately 6.0 billion and plant gelatin (modified starch) of approximately 5,000 tonnes.

Based on the unaudited consolidated financial statements of the Target Company made up to 31 December 2015, the net asset value of the Target Company was approximately RMB26.2 million.

Set out below is the unaudited consolidated financial results of the Target Company for the two years ended 31 December 2014 and 2015:

	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Profit before taxation	6,994	1,930
Profit after taxation	5,341	1,187

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in in the distribution and retail of drugs and other pharmaceutical products in the northeastern region of the PRC.

As part of the strategies of the Group, realizing ecological merger and acquisition of resources of upstream and downstream of the pharmaceutical sector will be beneficial for improving competitiveness of the Group, facilitating the control of original equipment manufacturer of branded products, increasing the gross profit level, improving the overall interest of the Group and providing solid foundation for “Internet Plus” and internationalization strategy in a positive manner.

The Target Company is well equipped with advanced technology. It jointly researched plant gelatin and plant capsule, manufactured by it with the Institute of Chemistry, the Chinese Academy of Sciences, and obtained the only patent for the utility models in the PRC and other patent for invention is under approval; meanwhile, it is also the first enterprise owns solar power station in capsule industry, becoming the pilot enterprises of “integration of photovoltaic power generation”, supported by Ministry of Housing and Urban-Rural Development and Ministry of Finance, and the pioneer enterprise that has provincial technology center in the capsule industry in the PRC.

Merger and acquisition of the enterprises in the industry, by leveraging the advantage of pharmaceutical industry of northeastern China in the PRC through integration of the Group’s commercial resources and production resources and establishment of upstream capsule industrial park base would put new engine into the future development of the Group.

In view of the foregoing, the Directors consider that the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## EFFECTS ON THE SHAREHOLDING STRUCTURE

The following table summarises the shareholding structure of the Company as at the date of this announcement and immediately following the issue of the Consideration Shares:

Shareholders	On the date of this announcement		Immediately following the issue of the Consideration Shares	
	Shares	%	Shares	%
<b><i>Substantial Shareholders and related parties:</i></b>				
Asia Health Century International Inc. (“Asia Health”) (Note 1)	562,014,953	28.10%	562,014,953	23.42%
Jin Dongtao (Note 1)	3,368,000	0.17%	3,368,000	0.14%
Chen Xiaoyan (Note 1)	1,434,000	0.07%	1,434,000	0.06%
Zhongrong International Trust Company Limited	242,585,182	12.13%	242,585,182	10.11%
<b><i>Other Directors and related parties:–</i></b>				
Jin Dongkun (Note 2)	1,434,000	0.07%	1,434,000	0.06%
Pacific Health Century International Group Limited (Note 2)	40,943,135	2.05%	40,943,135	1.71%
Chu Chuanfu	1,434,000	0.07%	1,434,000	0.06%
Zhao Zehua	1,434,000	0.07%	1,434,000	0.06%
<b><i>Public:</i></b>				
The Vendor (or his nominee)	–	0.00%	400,000,000	16.67%
Other public shareholders	<u>1,145,352,730</u>	<u>57.27%</u>	<u>1,145,352,730</u>	<u>47.71%</u>
	<u><u>2,000,000,000</u></u>	<u><u>100.00%</u></u>	<u><u>2,400,000,000</u></u>	<u><u>100.00%</u></u>

Notes:

- (1) Mr. Jin Dongtao is the settlor, protector and a beneficiary of a Family Trust, which holds the entire issued share capital of Global Health Century International Inc. (“Global Health Century”) through 1969 JT Limited. Ms. Chen Xiaoyan, who is Mr. Jin Dongtao’s spouse, is also a beneficiary of the Family Trust. Global Health Century holds the entire issued share capital of Asia Health, which holds 562,014,953 Shares in the Company.
- (2) Mr. Jin Dongkun holds 75% equity interest in Pacific Health Century International Group Limited.

## LISTING RULE IMPLICATIONS

Since the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Agreement and the transaction contemplated thereunder constitute a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

## DEFINITIONS

Unless the context requires otherwise, the use of capitalised terms in this announcement shall have the following meanings:

<b>“Acquisition”</b>	the purchase of the Sale Interest by the Company in accordance with the terms of the Agreement
<b>“Agreement”</b>	the agreement dated 9 May 2016 entered into between the Vendor and the Company relating to the Acquisition
<b>“associates”</b>	has the meaning ascribed to it in the Listing Rules
<b>“Board”</b>	the board of Directors
<b>“Business Day”</b>	a day (other than a Saturday, a Sunday and a public holiday) on which banks are generally open for business in Hong Kong
<b>“Chuang Sheng”</b>	Harbin Chuang Sheng Investment Management Limited (哈爾濱創盛投資管理有限公司), a company incorporated in the PRC and wholly-owned by the Vendor
<b>“Completion”</b>	completion of the Agreement
<b>“Company”</b>	Universal Health International Group Holding Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
<b>“connected person”</b>	has the meaning ascribed to it in the Listing Rules
<b>“Conditions Precedent”</b>	the conditions precedent to the completion of the Agreement
<b>“Consideration”</b>	the total consideration for the Acquisition in the sum of RMB270.3 million (equivalent to approximately HK\$322.2 million)

<b>“Consideration Shares”</b>	400,000,000 new Shares to be allotted and issued by the Company to the Vendor or such other person or company as nominated by him at the Issue Price upon completion of the Acquisition, and <b>“Consideration Share”</b> means any of them
<b>“Director(s)”</b>	the director(s) of the Company
<b>“General Mandate”</b>	the general mandate granted to the Board by the independent Shareholders to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company at the extraordinary general meeting of the Company held on 16 June 2015
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Issue Price”</b>	an issue price of HK\$0.724 per Consideration Share
<b>“Last Trading Day”</b>	9 May 2016 being the last trading day prior to the entering into of the Agreement
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Long Stop Date”</b>	9 November 2016 or such other day as the parties may agree in writing
<b>“PRC”</b>	the People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Sale Interest”</b>	36.38% of the entire registered capital of the Target Company
<b>“Shareholders”</b>	shareholders of the Company
<b>“Shares”</b>	ordinary share(s) of USD\$0.001 each in the share capital of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited



<b>“Target Company”</b>	Jilin Wenhui Capsules Limited* (吉林文輝膠囊有限公司), a company incorporated in the PRC with limited liability
<b>“Vendor”</b>	Di Hongying (邸洪英), a third party independent of the Company and its connected persons

*Exchange rate of HK\$1: RMB0.83899 has been used in this announcement for illustration purposes only.*

By order of the Board  
**Universal Health International Group Holding Limited**  
**Jin Dongtao**  
*Chairman*

\* *For identification purpose only*

Hong Kong, 9 May 2016

*As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Jin Dongtao, Mr. Jin Dongkun, Mr. Chu Chuanfu and Mr. Zhao Zehua and three independent non-executive directors, namely, Mr. Cheng Sheung Hing, Ms. Chiang Su Hui Susie and Ms. Hao Jia.*