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**CHINA GRAND PHARMACEUTICAL AND HEALTHCARE HOLDINGS LIMITED**

**遠大醫藥健康控股有限公司\***  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 00512)

**DISCLOSABLE TRANSACTION  
IN RELATION TO  
INCREASE IN THE REGISTERED CAPITAL OF  
GRAND PHARM (CHINA)**

**Capital Injection**

The Board is pleased to announce that on 22 October 2014, the Written Resolutions have been passed by all the shareholders of Grand Pharm (China), a non-wholly-owned subsidiary of the Company, to increase its registered capital from RMB185,000,000 (equivalent to approximately HK\$234,177,000) to RMB470,000,000 (equivalent to approximately HK\$594,937,000) by injection of additional capital of RMB285,000,000 (equivalent to approximately HK\$360,759,000). Pursuant to the Written Resolutions, China Grand (Hong Kong) and Wuhan Heqinlove have conditionally agreed to contribute approximately RMB216,460,000 (equivalent to approximately HK\$274,000,000) and RMB68,540,000 (equivalent to approximately HK\$86,759,000) respectively as the entire additional registered capital of the Grand Pharm (China), while the Minority Shareholders indicated that they will not contribute to the increase in registered capital of Grand Pharm (China) in proportion to their respective existing shareholding in the Grand Pharm (China).

Immediately after the Completion, the percentage interests in the capital of Grand Pharm (China) held by the Group will be increased from approximately 99.60% to 99.84%, thus the Capital Injection would constitute a deemed acquisition in Grand Pharm (China) on the part of China Grand (Hong Kong) and Wuhan Heqinlove. As the relevant percentage ratios set out in the Listing Rules in relation to the Capital Injection exceed 5% but below 25%, the Capital Injection constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

## **THE CAPITAL INJECTION**

The Board is pleased to announce that on 22 October 2014, the Written Resolutions have been passed by all the shareholders (being China Grand (Hong Kong) and Wuhan Heqinlove, both are a wholly-owned subsidiary of the Company, and the Minority Shareholders) of Grand Pharm (China), a non-wholly-owned subsidiary of the Company, to increase its registered capital from RMB185,000,000 (equivalent to approximately HK\$234,177,000) to RMB470,000,000 (equivalent to approximately HK\$594,937,000) by injection of additional capital of RMB285,000,000 (equivalent to approximately HK\$360,759,000).

As at the date of this announcement, China Grand (Hong Kong) and Wuhan Heqinlove are interested in approximately 75.95% and 23.65% equity interest of Grand Pharm (China) respectively, and the remaining approximately 0.40% equity interest is held by the Minority Shareholders. The Minority Shareholders comprise 2 different companies which engaged in different businesses including asset managements and investment holdings and are interested in approximately 0.23% and 0.17% equity interest of Grand Pharm (China) respectively. Save for holding their respective equity interest in Grand Pharm (China), each of the Minority Shareholders and their respective ultimate beneficial owners is independent of and not connected to the Company and its connected persons.

Pursuant to the Written Resolutions, China Grand (Hong Kong) and Wuhan Heqinlove have conditionally agreed to contribute additional registered capital to the Grand Pharm (China), while the Minority Shareholders indicated that they will not contribute to the increased registered capital of Grand Pharm (China) in proportion to their respective existing shareholding in the Grand Pharm (China). Immediately upon the Completion, the equity interest in Grand Pharm (China) held by the Group will be increased from approximately 99.60% to 99.84%.

## **CONSIDERATION**

As at the date of this announcement, Grand Pharm (China) has a total registered capital of RMB185,000,000 (equivalent to approximately HK\$234,177,000) which has been fully paid up. Pursuant to the Written Resolutions, the registered capital of Grand Pharm (China) will be increased from RMB185,000,000 (equivalent to approximately HK\$234,177,000) to RMB470,000,000 (equivalent to approximately HK\$594,937,000), and China Grand (Hong Kong) and Wuhan Heqinlove agreed to subscribe the entire additional registered capital by contributing approximately RMB216,460,000 (equivalent to approximately HK\$274,000,000) and RMB68,540,000 (equivalent to approximately HK\$86,759,000) respectively.

The consideration of the Capital Injection was arrived at after arm's length negotiations between the China Grand (Hong Kong), Wuhan Heqinlove and the Minority Shareholders after taking into consideration of various factors, including but not limited to (i) the factors stated in the section "Reasons for and Benefits of Capital Injection" set out herein below; and (ii) the current consolidated net asset value of the Grand Pharm (China). It is intended that the consideration of the Capital Injection will be settled by cash and funded by internal resources of the Group.

The Directors consider the terms and conditions of the Capital Injection are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## CONDITIONS

The Capital Injection is conditional upon the following conditions have been fulfilled:

- (a) all necessary consents and approvals required to be obtained on the part of China Grand (Hong Kong), Wuhan Heqinlove and Grand Pharm (China) in relation to the Capital Injection and the transactions contemplated thereby having been obtained; and
- (b) the necessary approvals from the PRC authorized authorities by Grand Pharm (China) in respect of the Capital Injection and the transactions contemplated thereby having been obtained.

None of the above is capable to be waived.

## COMPLETION

Completion of the Capital Injection will take place on the day (or such other date as may be set by China Grand (Hong Kong) and Wuhan Heqinlove) after the conditions of the Capital Injection have been fulfilled and the consideration of the Capital Injection has been fully paid. After the Completion, the Group will effectively hold approximately 99.84% of the equity interest of Grand Pharm (China).

## FINANCIAL INFORMATION OF GRAND PHARM (CHINA)

The following are the audited consolidated turnover and profit before and after taxation of Grand Pharm (China) (prepared in accordance with the PRC GAAP) for each of the two years ended 31 December 2013:

	<b>For the year ended 31 December 2013</b>	<b>For the year ended 31 December 2012</b>
	<i>(RMB '000)</i>	<i>(RMB '000)</i>
Turnover	1,964,288	1,539,641
Profit before taxation	135,039	111,063
Profit after taxation	117,617	93,444

According to the audited consolidated accounts of Grand Pharm (China), the audited consolidated net asset value of Grand Pharm (China) (prepared in accordance with the PRC GAAP) was approximately RMB 745,542,000 (equivalent to approximately HK\$943,724,000) as at 31 December 2013.

## BUSINESS INFORMATION OF THE GROUP AND GRAND PHARM (CHINA)

The Group is principally engaged in business of research and development, manufacture and sales of pharmaceutical products in the PRC. Grand Pharm (China) is a company established in the PRC with limited liability. Grand Pharm (China) and its subsidiaries are principally engaged in the business of development, production and sales of pharmaceutical products and raw material pharmaceuticals.

## REASONS FOR AND BENEFITS OF CAPITAL INJECTION

The Board is optimistic on the future development of Grand Pharm (China), and is of the view that the Capital Injection may allow the Grand Pharm (China) to allocate its working capital more effectively in supporting various business development and acquisition opportunities, in which may allow Grand Pharm (China) to extend the continuous growing trend of its business and also engaged in new business to fulfill the growing demand of the market.

Taking into consideration of the aforesaid, the Directors consider that the terms and conditions of the Capital Injection are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

Immediately after the Completion, the percentage interests in the capital of Grand Pharm (China) held by the Group will be increased from approximately 99.60% to 99.84%, thus the Capital Injection would constitute a deemed acquisition in Grand Pharm (China) on the part of China Grand (Hong Kong) and Wuhan Heqinlove. As the relevant percentage ratios set out in the Listing Rules in relation to the Capital Injection exceed 5% but below 25%, the Capital Injection constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board”	the board of Directors
“Capital Injection”	in accordance with the Written Resolutions, China Grand (Hong Kong) and Wuhan Heqinlove have conditionally agreed to contribute approximately RMB216,460,000 and RMB68,540,000 respectively to increase the registered capital of the Grand Pharm (China)
“China Grand (Hong Kong)”	遠大醫藥(香港)有限公司 (China Grand Pharmaceutical (Hong Kong) Limited), a company incorporated in Hong Kong with limited liability, being an indirect wholly-owned subsidiary of the Company
“Wuhan Heqinlove”	武漢和勤艾管理諮詢有限公司 (Wuhan Heqinlove Consultation Management Co., Ltd.*), a company incorporated in the PRC with limited liability, being an direct wholly-owned subsidiary of the China Grand (Hong Kong)
“Company”	China Grand Pharmaceutical and Healthcare Holdings Limited (遠大醫藥健康控股有限公司*), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange

<b>“Completion”</b>	completion of the capital injection by China Grand (Hong Kong) and Wuhan Heqinlove in Grand Pharm (China) in accordance with the terms and conditions of the Written Resolutions
<b>“connected person(s)”</b>	having the meaning as ascribed thereto under the Listing Rules
<b>“Directors”</b>	directors of the Company
<b>“Grand Pharm (China)”</b>	遠大醫藥(中國)有限公司 (Grand Pharmaceutical (China) Co., Limited), a company established in the PRC with limited liability, being an indirect non-wholly owned subsidiary of the Company
<b>“Group”</b>	the Company and its subsidiaries, including China Grand (Hong Kong) and Wuhan Heqinlove
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Minority Shareholders”</b>	the shareholders of the Grand Pharm (China) (other than China Grand (Hong Kong) and Wuhan Heqinlove), which effectively owned approximately 0.23% and 0.17% equity interest of Grand Pharm (China) respectively
<b>“PRC”</b>	the People’s Republic of China
<b>“PRC GAAP”</b>	the generally accepted accounting principles of the PRC
<b>“Shareholder(s)”</b>	holder(s) of the issued Share(s)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Written Resolutions”</b>	the written resolutions passed by the shareholders of Grand Pharm (China) on 22 October 2014 approving, among other matters, the Capital Injection
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“%”</b>	per cent.

By order of the Board  
**China Grand Pharmaceutical and Healthcare  
Holdings Limited**  
**Liu Chengwei**  
*Chairman*

Hong Kong, 22 October 2014

*As at the date of this announcement, the Board comprises four executive directors, namely Mr. Liu Chengwei, Mr. Hu Bo, Dr. Shao Yan and Dr. Zhang Ji and three independent non-executive directors, namely Ms. So Tosi Wan, Winnie, Mr. Lo Kai Lawrence and Dr. Pei Geng.*

*In this announcement, amounts denominated in RMB have been converted into HK\$ at the rate of RMB0.79 = HK\$1 for the purpose of illustration.*

*\* For identification purpose only.*