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## **China Grand Pharmaceutical and Healthcare Holdings Limited\***

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 00512)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO A FINANCE LEASE ARRANGEMENT**

#### **Finance Lease Arrangement**

The Board is pleased to announce that on 5 March 2015 (after trading hours), Grand Pharm (China), being an indirect non-wholly owned subsidiary of the Company, has entered into the Finance Lease Arrangement with Wuhan Guanggu Finance Lease Limited, being an independent third party, comprising the following two contracts:-

1. Sale and Purchase Contract: Grand Pharm (China), as vendor, agreed to sell and Wuhan Guanggu, as purchaser, agreed to buy the Medical Equipment at a consideration of RMB200,000,000 (equivalent to approximately HK\$250,000,000);
2. Finance Lease Contract: Wuhan Guanggu, as lessor, agreed to lease the Medical Equipment back to Grand Pharm (China), as lessee, for a period of five (5) years at the total lease payment of approximately RMB237,714,820 (equivalent to approximately HK\$297,144,000).

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Wuhan Guanggu and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

As the relevant percentage ratios set out in the Listing Rules in relation to the Finance Lease Arrangement exceed 5% but below 25%, the Finance Lease Arrangement constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirement as stipulated in Rule 14.33 of the Listing Rules.

## **THE FINANCE LEASE ARRANGEMENT**

The Board is pleased to announce that on 5 March 2015 (after trading hours), Grand Pharm (China), being an indirect non-wholly owned subsidiary of the Company, has entered into the Finance Lease Arrangement with Wuhan Guanggu, being an independent third party, comprising the following two contracts:-

The details of the Finance Lease Arrangement are summarised as follows:

### **SALE AND PURCHASE CONTRACT**

#### **Date**

5 March 2015 (after trading hours)

#### **Parties**

Vendor : Grand Pharmaceutical (China) Co., Limited  
Purchaser : Wuhan Guanggu Finance Lease Limited

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Wuhan Guanggu and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

#### **Object of the Sale and Purchase**

The Medical Equipment, which comprising certain machineries and equipment for medicine production.

#### **Consideration**

The consideration for the sale and purchase of the Medical Equipment of RMB200,000,000 (equivalent to approximately HK\$250,000,000) was determined after arm's length negotiation between Grand Pharm (China) and Wuhan Guanggu with reference to the prevailing market price of the Medical Equipment.

### **FINANCE LEASE CONTRACT**

#### **Date**

5 March 2015 (after trading hours)

#### **Parties**

Lessor : Wuhan Guanggu Finance Lease Limited  
Lessee : Grand Pharmaceutical (China) Co., Limited

## **Lease Period**

Sixty (60) months commencing from 5 March 2015

## **Objects of the Lease**

The Medical Equipment, comprising certain machineries and equipment for medicine production.

## **FINANCE AMOUNT PAYMENTS AND PRINCIPAL TERMS**

Pursuant to the Finance Lease Arrangement as embedded in the Sale and Purchase Contract and Finance Lease Contract, Grand Pharm (China) will sell and Wuhan Guanggu will purchase the Medical Equipment at the aggregate consideration of RMB200,000,000 (equivalent to approximately HK\$250,000,000). The Medical Equipment will then lease back to Grand Pharm (China) by Wuhan Guanggu for a period of 5 years commencing from 5 March 2015.

Pursuant to the Finance Lease Arrangement, Grand Pharm (China) has to pay a refundable rental deposit of RMB10,000,000 (equivalent to approximately HK\$12,500,000) as security for the due and punctual performance of Grand Pharm (China) of its obligations under the Finance Lease Contract. Upon expiry of the Finance Lease Contract, the abovementioned rental deposit (unless otherwise being forfeited or deducted by Wuhan Guanggu as a result of the breach of terms of the Finance Lease Contract pursuant to the terms thereunder) shall be returned to Grand Pharm (China) or to set off against the remaining instalments of the monthly rental before its expiration. A fixed rental of RMB3,861,912 (equivalent to approximately HK\$4,827,000) (being the sum of the monthly principal repayable and the interests accrued thereon) has to be paid by Grand Pharm (China) to Wuhan Guanggu on a monthly basis commencing from 5 March 2015, and a handling fee of RMB6,000,000 (equivalent to approximately HK\$7,500,000) will be repaid by Grand Pharm (China) to Wuhan Guanggu in five (5) years commencing from the first date of drawing down the Financing Amount with RMB1,200,000 (equivalent to approximately HK\$1,500,000) per annum.

The interest payable under the Finance Lease Arrangement is to be calculated at the rate equivalent to (i) 1.033 times of; or (ii) 0.2% higher than the 1-5 years basic borrowing rate as promulgated by the People's Bank of China, whichever is higher. This is also subject to adjustment in accordance with the 1-5 years basic borrowing rate as promulgated by the People's Bank of China from time to time. As at the date of the Finance Lease Contract, the effective interest rate is 5.95% per annum. When the total Financing Amount of RMB200,000,000 (equivalent to approximately HK\$250,000,000) is fully drawn down, the total interest payable under the Finance Lease Arrangement amounts to approximately RMB31,714,720 (equivalent to approximately HK\$39,643,000) using the straight line repayment method, and shall be payable monthly. In light of the consideration amount and the prevailing interest rate, the Directors

contemplate that the adjustment to the interest rate will not alter the classification of the transaction type of the Finance Lease Arrangement under the Listing Rules. In the event that the adjustment to the interest rate will cause an alteration of the transaction type of the Finance Lease Arrangement, the Company will comply with the relevant requirements of the Listing Rules.

The Financing Amount will be paid by Wuhan Guanggu to Grand Pharm (China) within ten (10) Business Days after (i) the Finance Lease Contract and the Sale and Purchase Contract are entered into and become effective; (ii) the assurance legal document provided by Grand Pharm (China) is entered into and become effective; (iii) Wuhan Guanggu has received the rental guarantee deposit, the initial rental payment and other expenses incurred from Grand Pharm (China); (iv) Wuhan Guanggu has received the manufacturer's certificates and sales invoices from Grand Pharm (China); (v) Wuhan Guanggu has received and approved the insurance coverage of the Medical Equipment; and (vi) Wuhan Guanggu received the confirmation of receiving the leasing objects which had been endorsed by the Grand Pharm (China).

The lease payments and the interest rate have been agreed after arm's length negotiation between the parties with reference to the value of the Medical Equipment and the prevailing market practice.

During the term of the lease, the ownership of the Medical Equipment belongs to Wuhan Guanggu.

#### **GRAND PHARM (CHINA)'S OPTION TO PURCHASE**

At the end of the lease term of the Finance Lease Contract, Grand Pharm (China) will have the right to purchase the Medical Equipment at a nominal purchase price of RMB100 (equivalent to approximately HK\$125).

#### **REASONS FOR AND BENEFITS OF THE FINANCE LEASE**

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.

The Directors are of the view that the Finance Lease Arrangement would enhance the working capital position of Grand Pharm (China) by using the existing Medical Equipment, and would allow Grand Pharm (China) to optimize its asset and debt structure through increasing the percentage of long-term loan and reducing short-term funding pressure. There will not be any gain or loss accrued to the Company pursuant to the sale of the Medical Equipment under the Sale and Purchase Contract.

The Directors are of the view that the terms in respect of the Finance Lease Arrangement

are fair and reasonable and are in the interest of the Company and the shareholders of the Company as a whole.

## **INFORMATION OF THE WUHAN GUANGGU**

Wuhan Guanggu (武漢光谷融資租賃有限公司) is a company incorporated in the PRC and its principal business is finance leasing.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, Wuhan Guanggu and its ultimate beneficial owners are Independent Third Parties.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable Percentage Ratio(s) in relation to the Finance Lease Arrangement exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction on part of the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements set out in Rule 14.33 of the Listing Rules.

## **DEFINITIONS**

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

<b>“Board”</b>	the board of Directors
<b>“Business Day”</b>	any day (not being Saturdays, Sunday or public holidays) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
<b>“Company”</b>	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>“Connected Person(s)”</b>	having the meaning as ascribed thereto under the Listing Rules
<b>“Directors”</b>	directors of the Company
<b>“Finance Lease Arrangement”</b>	the finance lease arrangement in relation to the finance lease by way of sale and lease back of the Medical Equipment pursuant to the Sale and Purchase Contract and the Finance Lease Contract

<b>“Finance Lease Contract”</b>	the contract dated 5 March 2015 and entered into by Wuhan Guanggu with Grand Pharm (China) in relation to the lease of the Medical Equipment, pursuant to which the Wuhan Guanggu agreed to lease back the Medical Equipment to Grand Pharm (China) for a period of 5 years
<b>“Financing Amount”</b>	the financing amount up to RMB200,000,000 made available to Grand Pharm (China) by the Wuhan Guanggu under the Finance Lease Arrangement.
<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
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Independent Third Party”</b>	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Medical Equipment”</b>	certain machineries and equipment for medicine production purpose
<b>“PRC”</b>	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<b>“Sale and Purchase Contract”</b>	the contract dated 5 March 2015 and entered into by the Wuhan Guanggu with the Grand Pharm (China) in relation to the sale and purchase of the Medical Equipment, pursuant to which Grand Pharm (China) as vendor agreed to sell and the Wuhan Guanggu as purchaser agreed to purchase the Medical Equipment at the aggregate consideration of RMB200,000,000
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited

“Wuhan Guanggu”	武漢光谷融資租賃有限公司 (Wuhan Guanggu Finance Lease Limited <sup>#</sup> ), a company incorporated in China and its principal business is finance leasing
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 5 March 2015

*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 RMB0.80 = HK\$1 for the purpose of illustration only. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the above rate or any other rates at all.*

<sup>#</sup> *The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

- *for identification purpose only*