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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)

**(1) DISCLOSEABLE TRANSACTION – FORMATION OF THE JOINT VENTURE
AND
(2) CONNECTED TRANSACTION – FURTHER SHARE SUBSCRIPTION
IN THE HONG KONG JV**

FORMATION OF THE JOINT VENTURE

The Board is pleased to announce that on 21 April 2015 (after trading hours), the Company, the JV Partner, the Hong Kong JV, the Vendor A and the Vendor B entered into the Transaction Documents pursuant to which the parties have agreed to form the Joint Venture.

The formation of the Joint Venture will involve: (1) the establishment of the Hong Kong JV; (2) the establishment of the PRC JV; (3) the Acquisition; and (4) the Further Share Subscription.

Pursuant to the Transaction Documents, the Company and the JV Partner will establish the Hong Kong JV, which will be owned by the Company as to approximately 33.3% and by the JV Partner as to approximately 66.7%, respectively, and the Hong Kong JV will acquire the Target from the Vendor A and the Vendor B for a total consideration of approximately US\$73.0 million (equivalent to approximately HK\$565.9 million). The Group and the Hong Kong JV will also establish the PRC JV, which will be held by the PRC Subsidiary as to 67% and by the Hong Kong JV as to 33%, respectively. The total capital commitment of the Company in the formation of the Joint Venture is approximately US\$31.7 million (equivalent to approximately HK\$245.7 million). The Vendor A is also granted a right to transfer all of his Target Shares to the Hong Kong JV in exchange for such number of Hong Kong JV Shares which represents 22.5% of its enlarged issued share capital.

The Target Group is engaged in the development, production, and distribution of advanced cardiovascular interventional medical devices and the provision of related services. It is contemplated by the parties that, following the formation of the Joint Venture, the PRC JV, the Hong Kong JV and/or the Target Group will enter into the PRC Licensing and Distribution Agreement, pursuant to which the Hong Kong JV and/or the Target Group will license certain trademarks and technologies and grant exclusive distribution rights of the Target Group's products to the PRC JV, on terms no less favourable than terms available to independent parties.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the formation of the Joint Venture exceed 5% but are less than 25%, it constitutes a discloseable transaction for the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

Following the establishment of the PRC JV, the Hong Kong JV will become a connected person of the Company by virtue of being a substantial shareholder of the Company's subsidiary. The Further Share Subscription will therefore constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, the Further Share Subscription is only subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

It is contemplated that the transactions under the PRC Licensing and Distribution Agreement, once entered into by the PRC JV, the Hong Kong JV and/or the Target Group, will constitute continuing connected transactions of the Company. The Company will comply in full with all applicable requirements set out in Chapter 14A of the Listing Rules upon the execution of the PRC Licensing and Distribution Agreement accordingly.

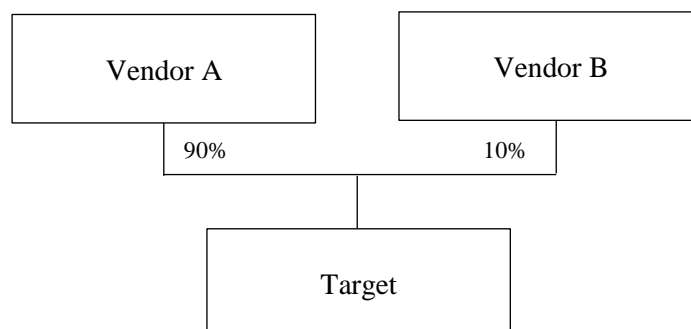
INTRODUCTION

The Board is pleased to announce that on 21 April 2015 (after trading hours), the Company, the JV Partner, the Hong Kong JV, the Vendor A and the Vendor B entered into the Transaction Documents, pursuant to which the parties have agreed to form the Joint Venture.

The formation of the Joint Venture will involve: (1) the establishment of the Hong Kong JV; (2) the establishment of the PRC JV; (3) the Acquisition; and (4) the Further Share Subscription. It is also anticipated by the parties that, following the formation of the Joint Venture, the PRC JV, the Hong Kong JV and/or the Target Group will enter into the PRC Licensing and Distribution Agreement.

FORMATION OF THE JOINT VENTURE

The following sets out the simplified corporate structure of the Target prior to the formation of the Joint Venture:



ESTABLISHMENT OF THE JOINT VENTURE AND ACQUISITION

In anticipation of the formation of the Joint Venture, the Hong Kong JV was incorporated in Hong Kong by the JV Partner prior to the signing of the Transaction Documents to act as a holding company of the Joint Venture. Prior to the signing of the Hong Kong JV Shareholders' Agreement, the Hong Kong JV is wholly owned by the JV Partner.

Pursuant to the Hong Kong JV Shareholders' Agreement, the Company will subscribe for approximately 33.3% of the enlarged issued share capital of the Hong Kong JV. The major terms of the Hong Kong JV Shareholders' Agreement are as follows:

Date: 21 April 2015

Parties:

- (1) the Company;
- (2) the JV Partner;
- (3) the Vendor A; and
- (4) the Hong Kong JV

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the JV Partner, the Vendor A and the Hong Kong JV are Independent Third Parties.

Initial share subscription

Upon entering into the Hong Kong JV Shareholders' Agreement, the Company and the JV Partner shall subscribe for, and the Hong Kong JV shall issue and allot, such number of Redeemable Hong Kong JV Shares which represents approximately 33.3% and 66.7% of the enlarged share capital of the Hong Kong JV upon completion of the initial share subscription, respectively, in each case at a consideration of US\$1 (equivalent to approximately HK\$7.8).

Capital contribution

Upon making the necessary filings with and receiving the necessary consents from the relevant PRC authorities by the JV Partner, the Company and the JV Partner shall contribute approximately US\$24.3 million (equivalent to approximately HK\$188.4 million) and US\$48.7 million (equivalent to approximately HK\$377.5 million), respectively, as share capital of the Hong Kong JV for the consummation of the Acquisition. No shares shall be issued and allotted by the Hong Kong JV in consideration of the capital contribution.

To the extent the Company defaults or fails to meet its obligation for the capital contribution, all Redeemable Hong Kong JV Shares that have been issued to the Company shall be redeemed by the Hong Kong JV at a price of US\$1 (equivalent to approximately HK\$7.8). No right of redemption can be exercised by the Company in connection with the Redeemable Hong Kong JV Shares. Save as the right of redemption exercisable by the Hong Kong JV, the Redeemable Hong Kong JV Shares, when issued and fully paid, shall rank *pari passu* in all respects among themselves and with all other types of ordinary shares in issue or to be issued by the Hong Kong JV from time to time.

The payment by the Company and the JV Partner under the initial share subscription and the capital contribution shall be applied by the Hong Kong JV towards the Acquisition.

Establishment of the PRC JV

The Group shall, before the completion of the Acquisition, enter into the PRC JV Agreement with the Hong Kong JV, pursuant to which the parties shall establish the PRC JV in the PRC. The registered capital of the PRC JV shall be US\$1 million (equivalent to approximately HK\$7.8 million), of which 67% will be contributed by the Group (under the name of the PRC Subsidiary) and 33% will be contributed by the Hong Kong JV, respectively. The board of directors of the PRC JV will consist of 3 directors, of which the Group shall have the right to nominate 2 directors and the Hong Kong JV shall have the right to nominate 1 director.

The PRC JV's principal business shall be the development, production and distribution of medical device products, including but not limited to research, disinfecting, packaging, assembling, manufacturing and global distribution. It is contemplated by the parties that the PRC JV will build a production platform in the PRC using the Target's trademarks and technologies, and distribute the Target's products which have already been commercialised in Europe.

Acquisition

Pursuant to the Transaction Documents, the Hong Kong JV will purchase from the Vendor A the Target Share which represents 63% of the total subscribed and outstanding share capital of the Target and from the Vendor B the Target Share which represents 10% of the total subscribed and outstanding share capital of the Target at a purchase price of approximately US\$63.0 million (equivalent to approximately HK\$488.4 million) and approximately US\$10.0 million (equivalent to approximately HK\$77.5 million), respectively. The Vendor A shall also assign to the Target the intellectual property rights which are currently owned solely by him in relation to the business of the Target. The purchase price shall be subject to any downward adjustment due to the shortfall of the actual net working capital of the Target.

The completion of the Acquisition shall take place on the 10th business day upon the satisfaction of the following conditions:

1. making of the necessary filings with and obtaining the necessary consents from the relevant PRC authorities by the JV Partner;
2. signing of the employment agreement between the Target and the Vendor A; and
3. signing of the PRC JV Agreement.

After the completion of the Acquisition, the Hong Kong JV shall, (i) within 90 days, repay, or procure the Target to repay, in full the shareholder's loans which amount to EUR1.35 million (equivalent to approximately HK\$11.1 million) owed by the Target to the Vendor B; and (ii) provide a replacement corporate guarantee in lieu of the personal guarantee currently provided by the Vendor A in favour of certain banks in Germany in connection with the credit facilities made available to the Target.

Upon completion of the Acquisition, the total subscribed and outstanding share capital of the Target will be held by the Hong Kong JV as to 73% and by the Vendor A as to 27%, respectively.

Further Share Subscription

Immediately after completion of the Acquisition and no later than the 3rd business day thereafter, the Company and the JV Partner shall subscribe for further Non-Redeemable Hong Kong JV Shares on a *pro rata* basis at a subscription price of approximately US\$6.7 million and US\$13.3 million, respectively, and the Hong Kong JV shall issue and allot such Non-Redeemable Hong Kong JV Shares to the Company and the JV Partner, respectively. The Non-Redeemable Hong Kong JV Shares, when issued and fully paid, shall rank *pari passu* in all respects among themselves and with all other types of ordinary shares in issue or to be issued by the Hong Kong JV from time to time. The Hong Kong JV shall as soon as practicable (in any event no later than 15 days following the Further Share Subscription) use the funds received to pay all reasonably documented expenses or fees incurred by the Company and the JV Partner in connection with the valuation of the formation of the Joint Venture and the execution of the Transaction Documents.

Other terms

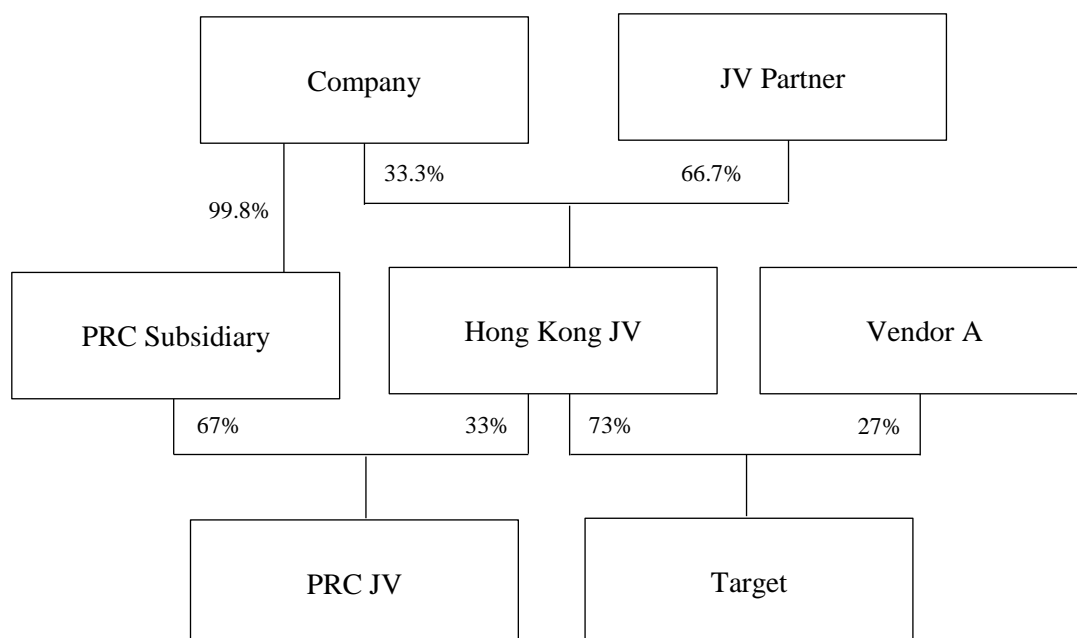
The following sets out the other major terms of the Hong Kong JV Shareholders' Agreement:

1. each of the Company and the JV Partner shall (i) first offer to sell its Hong Kong JV Shares to each other at the same price and on the same terms and conditions as a proposed sale to a third party purchaser; (ii) have the right to participate in a proposed purchase by a third party purchaser; and (iii) have the right to include its Hong Kong JV Shares as part of the sale by the other shareholder to a third party purchaser;
2. the board of directors of Hong Kong JV will consist of 5 directors, of which the Company, the JV Partner and the Vendor A shall have the right to nominate 1, 3 and 1 director(s), respectively;
3. the JV Partner will nominate the chief executive officer of the Hong Kong JV, while the Company will nominate its chief financial officer;
4. the Vendor A shall not without the prior written consent of the Hong Kong JV and its shareholders compete, directly or indirectly, with the Hong Kong JV or the Target Group in the development, production and distribution of medical products for the treatment of coronary and endovascular artery diseases until three years from the date he ceases to, directly or indirectly, be interested in the Hong Kong JV and/or the Target Group;
5. the Hong Kong JV may on two further occasions issue and allot Hong Kong JV Shares to third parties, subject to a maximum of US\$30 million (equivalent to approximately HK\$232.6 million) and the pre-emptive rights exercisable by its shareholders;
6. the JV Partner may register its Hong Kong JV Shares for offering, and procure the Hong Kong JV to pursue a Qualified IPO, under which the Company and the Vendor

A may include its/his Hong Kong JV Shares as part of the registration and/or the Qualified IPO.

Upon completion of the above steps, (i) the Hong Kong JV will be held by the Company as to approximately 33.3% and by the JV Partner as to approximately 66.7%, and the Target will become a wholly-owned subsidiary of the Hong Kong JV; and (ii) the PRC JV will be held by the PRC Subsidiary as to 67% and by the Hong Kong JV as to 33%, respectively. Accordingly, the financial results of the Hong Kong JV and the Target Group (as associated companies) will not be consolidated into the financial results of the Company, whereas those of the PRC JV (as non-wholly-owned subsidiary) will be consolidated into the financial results of the Company.

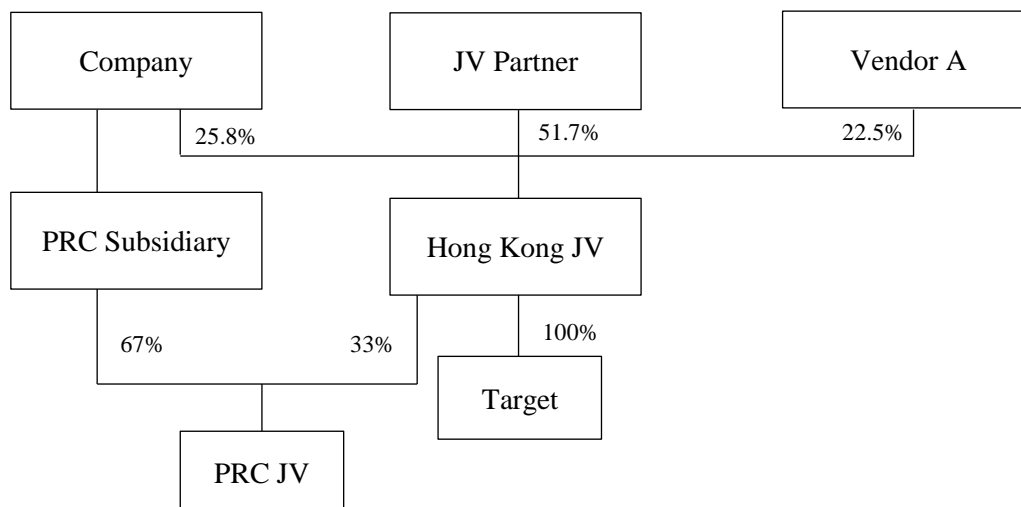
The following sets out the simplified corporate structure of the Joint Venture upon completion of the above steps:



Grant of Swap Option

Pursuant to the terms set forth in the Transaction Documents, the Vendor A is granted a right to, at any time prior to the consummation of a Qualified IPO or the sale of majority of the Hong Kong JV Shares by the JV Partner to a third party purchaser, transfer all of his Target Shares to the Hong Kong JV in exchange for such number of Hong Kong JV Shares which represents 22.5% of its enlarged issued share capital. The Swap Option is granted to the Vendor A at no cost.

The following sets out the simplified corporate structure of the Joint Venture upon the exercise of the Swap Option by the Vendor A:



PRC LICENSING AND DISTRIBUTION AGREEMENT

It is anticipated by the parties that, following the formation of the Joint Venture, the PRC JV, the Hong Kong JV and/or the Target Group will enter into the PRC Licensing and Distribution Agreement, pursuant to which the Hong Kong JV and/or the Target Group will license certain trademarks and technologies and grant exclusive distribution rights of the Target Group's products to the PRC JV, on terms no less favourable than the terms available to independent parties.

INFORMATION OF THE GROUP

The Group, including the PRC Subsidiary, mainly engages in research and development, manufacturing and sales of pharmaceutical preparations, pharmaceutical intermediates, specialised pharmaceutical raw materials and healthcare products.

INFORMATION ON JV PARTNER

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, the JV Partner is a limited liability partnership established in the PRC, majority interest of which is owned by of CDB-EMIF, and is primarily engaged in investment, corporate and asset management and consultation services. CDB-EMIF is an investment fund established in the PRC which invests mainly in non-security form of investments. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, the JV Partner, CDB-EMIF and their respective associates are Independent Third Parties.

INFORMATION ON THE TARGET GROUP, THE VENDOR A AND THE VENDOR B

As at the date of this announcement, the Target is owned by the Vendor A as to 90% and by the Vendor B as to 10%. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Target Group is engaged in the

development, production, and distribution of medical devices for the treatment of coronary and endovascular artery diseases and the provision of related services.

The following sets out the profit (before and after taxation and extraordinary items) of the Target (which was prepared in accordance with the German GAAP) extracted from the audited accounts of the Target for each of the two years ended 31 December 2014:

	For the year ended	
	31 December 2013	31 December 2014
	<i>(EUR '000)</i>	<i>(EUR '000)</i>
Profit (before taxation and extraordinary items)	(221.0)	79.6
Profit (after taxation and extraordinary items)	(180.9)	49.5

According to the audited accounts of the Target, the net liability value of the Target (which was prepared in accordance with the German GAAP) was approximately EUR0.2 million (equivalent to approximately HK\$1.6 million) as at 31 December 2014.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Vendor A is a German entrepreneur who primarily engages in the development of drug-eluting balloons (DEB) and cardiovascular devices, and the Vendor B is a company listed on JASDAQ standard market operated by Japan Exchange Group Inc. and is primarily engaged in the import, development, production, and distribution of medical devices. The Vendor B currently holds the right to distribute certain products of the Target Group in Japan which shall continue after the completion of the Acquisition.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Target, the Vendor A and the Vendor B and their respective associates are Independent Third Parties.

REASONS AND BENEFITS FOR THE FORMATION OF THE JOINT VENTURE

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target has developed a next-generation drug-elution balloon (DEB) with coating technology designed to produce better drug-elution for the treatment of coronary artery disease, peripheral arterial disease, haemodialysis induced stenosis, etc. The Target has obtained production registration and launched a number of cardiovascular interventional medical devices in several countries around the world which was developed with its proprietary technology. The bioabsorbable stents (BVS) of the Target are currently in the process of development and application of registration. The Directors are optimistic about the advanced technology of the Target in the global industry, the potential global development prospects of the products of the Target Group, and consider that the formation of the Joint Venture with the JV Partner and participate in the Joint Venture's global operation will become a solid foundation for the Group to grasp advanced technology and step into the global market. Through the production platform and distribution network to be set up by the PRC JV, the Group can expand its product portfolio and obtain synergy benefit by introducing the Target Group's advanced products and technology for the treatment of coronary artery disease, peripheral arterial disease, and haemodialysis induced stenosis, etc.

to the PRC market in order to provide more advanced pharmaceutical products for patients and thus strengthen the Group's core competitiveness and operational returns from the treatment of diseases in cerebro-cardiovascular .

The capital commitment by the Company involved in the formation of the Joint Venture and the cost of the Acquisition have been arrived after arm's length negotiations among the parties, with reference to (i) the benefits of the Acquisition as state above; (ii) the advancement and exclusivity of certain products of the Target Group in the field of global cardiovascular interventional medical devices; (iii) the expected contribution in turnover and profit from the products of the Target Group in the global and PRC markets; and (iv) the relevant market prices of comparable companies in the industry. Taking into consideration of the aforesaid, the Directors (including the independent non-executive Directors) believe the formation of the Joint Venture and the capital commitment involved are fair and reasonable and on normal commercial terms and in the ordinary and usual course of the business of the Group. The formation of the Joint Venture will be in the interests of the Company and the Shareholders as a whole.

It is intended the all capital commitment involved in the formation of the Joint Venture will be mainly funded by the internal resources of the Group and further bank borrowings or other financing activities if necessary.

LISTING RULES IMPLICATIONS

Establishment of the Joint Venture and Acquisition

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the formation of the Joint Venture exceed 5% but are less than 25%, it constitutes a discloseable transaction for the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

Under Rule 14.74(1) of the Listing Rules, as the discretion to exercise the Swap Option belongs solely on the Vendor A, the Swap Option is being classified as if it had been fully exercised at the time of the grant. The grant and exercise of the Swap Option could be regarded as a deemed disposal by the Company in the Hong Kong JV under Chapter 14 of the Listing Rules. None of the applicable percentage ratios (as defined in the Listing Rules) of the grant of Swap Option exceeds 5%.

Further Share Subscription

Following the establishment of the PRC JV, the equity interest in the PRC JV will be held by the PRC Subsidiary as to 67% and by the Hong Kong JV as to 33%, respectively. Therefore, the Hong Kong JV will become a connected person of the Company by virtue of being a substantial shareholder of the Company's subsidiary. The Further Share Subscription will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, as (i) the Hong Kong JV will only be a connected person of the Company at the subsidiary level; (ii) the transaction is on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) have approved the transaction; and (iv) the independent non-executive Directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on

normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, the Further Share Subscription is only subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

PRC Licensing and Distribution Agreement

It is contemplated that the transactions under the PRC Licensing and Distribution Agreement, once entered into by the PRC JV, the Hong Kong JV and/or the Target Group, will constitute continuing connected transactions of the Company. The Company will comply in full with all applicable requirements set out in Chapter 14A of the Listing Rules upon the execution of the PRC Licensing and Distribution Agreement accordingly.

The Directors have further confirmed that none of them has a material interest in the transactions contemplated under the Transaction Documents.

DEFINITIONS

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

“Acquisition”	the acquisition of the Target by the Hong Kong JV, as more particularly disclosed under the section headed “Establishment of the Joint Venture and Acquisition – Acquisition” in this announcement
“Board”	the board of Directors
“business day”	a day, other than Saturday, Sunday, public holiday in Germany, the PRC or Japan or any day on which commercial banks in Germany, the PRC or Japan are authorised or required by the applicable laws to close
“CDB-EMIF”	國開裝備製造產業投資基金有限責任公司 (CDB Equipment Manufacturing Investment Fund Co., Ltd.*), an investment fund established in the PRC
“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
“connected person(s)”	having the meaning as ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Further Share	the subscription of the Hong Kong JV Shares by the Company and the JV Partner after the completion of the

Subscription	Acquisition, as more particularly described under the section headed “Establishment of the Joint Venture and Acquisition – Further Share Subscription” in this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong JV”	Cardionovum Holding Co., Limited, a company incorporated in Hong Kong with limited liability and wholly owned by the JV Partner prior to the date of this announcement
“Hong Kong JV Share(s)”	the ordinary share(s) in the share capital of the Hong Kong JV which includes the Non-Redeemable Hong Kong JV Share(s) and Redeemable Hong Kong JV Share(s)
“Hong Kong JV Shareholders’ Agreement”	the shareholders’ agreement dated 21 April 2015 and entered into between the Company, JV Partner, the Vendor A and the Hong Kong JV in relation to the Hong Kong JV
“Independent Third Party(ies)”	person(s) or company(ies) which is/are independent of and not connected with the directors, chief executives and substantial shareholders of any member of the Group, and any of their respective associates (within the meaning of the Listing Rules)
“Joint Venture”	the joint venture to be formed between the Company and the JV Partner under the Transaction Documents comprising the Hong Kong JV and the PRC JV
“JV Partner”	上海沐翼投資管理合夥企業(有限合伙) (Shanghai MUYI Investment Management Partnership (Limited Partners)*), a limited liability partnership enterprise established in the PRC and an Independent Third Party, majority interest of which is owned by of CDB-EMIF
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Redeemable Hong Kong JV Share(s)”	the Hong Kong JV Shares excluding the Redeemable Hong Kong JV Shares
“percentage ratios”	having the meaning as ascribed thereto under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“PRC Licensing and Distribution Agreement”	the licensing and distribution agreement to be entered into between the PRC JV, the Hong Kong JV and/or the Target Group
“PRC JV”	a company to be established in the PRC with limited liability
“PRC JV Agreement”	the joint venture agreement to be entered into between the Company and the Hong Kong JV in relation to the PRC JV
“PRC Subsidiary”	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
“Qualified IPO”	an initial public offering of the Hong Kong JV Shares by the Company on a recognised stock exchange of at least US\$50 million (equivalent to approximately HK\$387.6 million)
“Redeemable Hong Kong JV Shares”	the Hong Kong JV Shares which are subject to the right of redemption by the Hong Kong JV, as more particularly described under the section headed “Establishment of the Joint Venture and Acquisition – Capital contribution” in this announcement
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Swap Option”	the option exercisable by the Vendor A to transfer all of his Target Shares to the Hong Kong JV in exchange for the Hong Kong JV Shares, as more particularly described under the section headed “Establishment of the Joint Venture and Acquisition – Grant of Swap Option” in this announcement
“Target”	Cardionovum GmbH, a company incorporated in Germany with limited liability
“Target Group”	the Target and its subsidiaries
“Target Shares”	the share(s) in the total subscribed and outstanding share capital of the Target
“Transaction Documents”	collectively, the definitive and legally-binding documents entered into between the parties for the formation of the

	Joint Venture, including but not limited to the Hong Kong JV Shareholders' Agreement
“US”	the United States of America
“Vendor A”	Dr. Michael Stefan Orłowski, an Independent Third Party who owns in aggregate 90% of the total subscribed and outstanding share capital of the Target as at the date of this announcement
“Vendor B”	日本ライフライン株式会社 (Japan Lifeline Co., Ltd.*), a company incorporated in Japan with limited liability, the issued shares of which are listed on JASDAQ standard market operated by Japan Exchange Group Inc. and an Independent Third Party who owns in aggregate 10% of the total subscribed and outstanding share capital of the Target as at the date of this announcement
“EUR”	Euro, the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty of Lisbon
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	US dollars, the lawful currency of the United States of America
“%”	<i>per cent.</i>

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

Hong Kong, 22 April 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 US\$ and EUR have been converted into HK\$ at the rate of US\$0.129 = HK\$1 and EUR0.122 = HK\$1 for the purpose of illustration only. No representation is made that any amount in HK\$, US\$ or EUR could have been or could be converted at the above rate or any other rates at all.

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.*