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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 7.4% EQUITY INTEREST
IN THE TARGET COMPANY
INVOLVING ISSUE OF CONSIDERATION SHARES UNDER
GENERAL MANDATE

THE ACQUISITION

The Board is pleased to announce that on 29 April 2019 (after trading hours), the Company entered into the Agreement with the Vendor, pursuant to which the Company conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Interest at the consideration of RMB51.94 million (equivalent to approximately HK\$60.53 million). The Consideration will be settled in full by 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 transactions contemplated thereunder constitute a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is therefore subject to the reporting and announcement requirement under the Listing Rules.

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The principal terms of the agreement are as follows:

Date

29 April 2019 (after trading hours)

Parties to the 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, the Vendor and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

Assets to be acquired

Pursuant to the Agreement, the Company has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Interest, subject to fulfilment of the Conditions Precedent. Currently, the Group is interested in 36.38% equity interest in the Target Company. Upon Completion, the Target Company will be owned as to 43.78% by the Group.

The Consideration

The Consideration for the sale and purchase of the Sale Interest is RMB51.94 million (equivalent to approximately HK\$60.53 million).

The Consideration will be settled in full by issuing the Consideration Shares to the Vendor or its nominee at the Issue Price upon completion of the Agreement.

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 Asia-Pacific Consulting and Appraisal Limited, an independent valuer, of RMB706.0 million (equivalent to approximately HK\$822.72

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 Sale Interest is conditional upon:

- (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 signed or completed such equity transfer documents, authorization letter and other documents (including but not limited to equity transfer agreement for use in the PRC and board resolutions of each of the Target Company and the Vendor 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 equity holders 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 Acquisition.

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 547,296,781 Shares which will be issued pursuant to the General Mandate. The Consideration Shares, when issued, would represent approximately 18% of the existing issued share capital of the Company as at the date of this announcement and approximately 15.25% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The maximum number of Shares that can be issued under the General Mandate is 547,296,781 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\$0.1106 per Consideration Share. The issue price represents the average closing price per Share as quoted on the Stock Exchange for the last five 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 in all respects among themselves and with the Shares in issue on the date of issue of the Consideration Shares.

INFORMATION ON THE TARGET COMPANY AND THE VENDOR

The Target Company is a company incorporated in the PRC. As at the date of this announcement, the Target Company is held as to 61.81% by the Vendor, 36.38% by the Group and 1.81% by an independent third party. The 36.38% equity interest in the Target Company were acquired by the Group in May 2016. For details of the previous acquisition, please refer to the announcement of the Company dated 9 May 2016.

The Vendor is an investment holding company incorporated in the PRC. The Target Company is owned by independent third parties including Di Hongying (鄧洪英) who holds 71.7% equity interest in the Target Company. Di Hongying was the vendor who sold the 36.38% equity interest in the Target Company to the Group in May 2016 and was a substantial shareholder of the Company (as defined under the SFO). As at the date of this announcement, Di Hongying did not hold any Share. As the Target Company is owned as to 71.7% by Di Hongying, Di Hongying will be deemed to be interested in all the Consideration Shares to be held by the Vendor under the SFO and as such, upon Completion, each of the Vendor and Di Hongying will become a connected person of the Company.

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 2018, the net asset value of the Target Company was approximately RMB75.4 million.

Set out below is the unaudited consolidated financial results of the Target Company for the two years ended 31 December 2017 and 2018:

| | For the year ended 31 December 2018 | For the year ended 31 December 2017 |
|----------------------------|--|--|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | <i>(approximately)</i> | <i>(approximately)</i> |
| Net profit before taxation | 22,328 | 20,833 |
| Net profit after taxation | 16,746 | 15,601 |

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the distribution and retail of drugs and other pharmaceutical products in the northeastern region of the PRC and the Group is currently interested in 36.38% equity interest in the Target Company.

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 +” 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. As such, the Group acquired the 36.38% equity interest in the Target Company in May 2016 so as to putting new engine into the future development of the Group. The Directors are of the view that the further

acquisition of equity interest in the Target Company would show the strong confidence of the Group in the business of the Target Company as well as in the capsule industry with a view to stimulating the capsule market and could thereby increase revenue.

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 | As at the date of this announcement | | Immediately following the issue of the Consideration Shares | |
|---|-------------------------------------|---------------|---|---------------|
| | Shares | % | Shares | % |
| Substantial Shareholders, Directors and related parties: | | | | |
| Asia Health Century International Inc. (“Asia Health”) (Note) | 562,014,953 | 18.48 | 562,014,953 | 15.67 |
| Jin Dongtao (Note) | 3,368,000 | 0.11 | 3,368,000 | 0.09 |
| Chen Xiaoyan (Note) | 1,434,000 | 0.05 | 1,434,000 | 0.04 |
| Zhao Zehua | 1,434,000 | 0.05 | 1,434,000 | 0.04 |
| Elite Grand Holdings Limited | 458,137,670 | 15.07 | 458,137,670 | 12.77 |
| Zhongrong International Alternative Asset Management Limited | 242,585,182 | 7.98 | 242,585,182 | 6.76 |
| The Vendor (or its nominee) | – | – | 547,296,781 | 15.25 |
| Public: | | | | |
| Public Shareholders | <u>1,771,563,865</u> | <u>58.26</u> | <u>1,771,563,865</u> | <u>49.38</u> |
| Total | <u>3,040,537,670</u> | <u>100.00</u> | <u>3,587,834,451</u> | <u>100.00</u> |

Note 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.

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 transactions contemplated thereunder constitute a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is therefore subject to the reporting and announcement requirement under the Listing Rules.

DEFINITIONS

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

| | |
|------------------------|---|
| “Acquisition” | the purchase of the Sale Interest by the Company in accordance with the terms of the Agreement |
| “Agreement” | the agreement dated 29 April 2019 entered into between the Vendor and the Company relating to the Acquisition |
| “associates” | has the meaning ascribed to it in the Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | a day (other than a Saturday, a Sunday and a public holiday) on which banks are generally open for business in Hong Kong |
| “Completion” | completion of the Agreement |
| “Company” | 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 |
| “connected person | has the meaning ascribed to it in the Listing Rules |
| “Conditions Precedent” | the conditions precedent to the completion of the Agreement |
| “Consideration” | the total consideration for the Acquisition in the sum of RMB51.94 million (equivalent to approximately HK\$60.53 million) |
| “Consideration Shares” | 547,296,781 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 “ Consideration Share ” means any of them |

| | |
|-------------------|--|
| “Director(s)” | the director(s) of the Company |
| “General Mandate” | 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 annual general meeting of the Company held on 20 December 2018 |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Issue Price” | an issue price of HK\$0.1106 per Consideration Share |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 29 July 2019 or such other day as the parties may agree in writing |
| “PRC” | 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 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale Interest” | 7.4% of the entire registered capital of the Target Company |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Shareholders” | shareholders of the Company |
| “Shares” | ordinary share(s) of USD\$0.001 each in the share capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | Jilin Jintian Universal Health Group Capsules Limited* (吉林金天大健康集團膠囊有限公司) (formerly known as Jilin Wenhui Capsules Limited* (吉林文輝膠囊有限公司)), a company incorporated in the PRC with limited liability |

“Vendor”

Harbin Tada Investment Management Limited* (哈爾濱拓達投資管理有限公司), a company incorporated in the PRC and a third party independent of the Company and its connected persons

Exchange rate of RMB1:HK\$1.16532 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, 29 April 2019

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Jin Dongtao, Mr. Jin Dongkun, Mr. Zhao Zehua and Mr. Sun Libo and three independent non-executive directors, namely, Mr. Cheng Sheung Hing, Ms. Chiang Su Hui Susie and Mr. Zou Haiyan.