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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)

MAJOR TRANSACTION
DISPOSAL OF 43.78% EQUITY INTEREST
IN THE TARGET COMPANY

THE EQUITY TRANSFER AGREEMENT

On 19 November 2024 (after trading hours), the Vendor (as vendor), an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser (as purchaser), pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 43.78% equity interest in the Target Company at the Consideration of RMB43.0 million (equivalent to approximately HK\$46.4 million) subject to the terms of the Equity Transfer Agreement. Upon completion of the Disposal, the Company will cease to hold any equity interest in the Target Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal under the Equity Transfer Agreement exceeds 25%, but less than 75%, the Disposal constitutes a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

GENERAL

The Company will convene an EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among other things, information relating to the Equity Transfer Agreement, further information on the Disposal and a notice of EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 10 December 2024.

Completion is conditional upon the satisfaction of the conditions set out in the section headed “The Equity Transfer Agreement – Conditions Precedent” in this announcement, including the approval of the Equity Transfer Agreement and the Disposal contemplated thereunder by the Shareholders at EGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares of the Company.

INTRODUCTION

On 19 November 2024 (after trading hours), the Vendor (as vendor), an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser (as purchaser), an Independent Third-Party, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 43.78% equity interest in the Target Company at the Consideration of RMB43.0 million (equivalent to approximately HK\$46.4 million) subject to the terms of the Equity Transfer Agreement. Upon completion of the Disposal, the Company will cease to hold any equity interest in the Target Company.

THE EQUITY TRANSFER AGREEMENT

Principal terms of the Equity Transfer Agreement are summarized below:

Date: 19 November 2024 (after trading hours)

Parties (1) the Vendor as vendor; and

(2) the Purchaser as purchaser

As at the date of this announcement, to the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Purchaser is an Independent Third-Party.

Assets to be disposed of

Pursuant to the Equity Transfer Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 43.78% equity interest in the Target Company.

As at the date of this announcement, the equity interest in the Target Company is held as to approximately 43.78% by the Vendor, as to approximately 54.43% by the Purchaser while the remaining equity interest is held by Su Zhenmei (蘇振梅). As confirmed by the Company, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Vendor and the said Su Zhenmei is an Independent Third-Party (save that each of them is a shareholder of the Target Company).

Upon completion of the Disposal, the Company will cease to hold any interest in the Target Company.

The Consideration and payment terms

The Consideration for the Disposal, pursuant to the Equity Transfer Agreement, is RMB43.0 million (equivalent to approximately HK\$46.4 million), which is to be settled in cash in the following manner:

- (1) a deposit in the sum of RMB10.0 million (equivalent to approximately HK\$10.8 million) shall be paid within 5 Business Days from the date of the Equity Transfer Agreement;
- (2) a further deposit in the sum of RMB20.0 million (equivalent to approximately HK\$21.6 million) shall be paid within 5 Business Days from the date of fulfilment of all the Conditions Precedent; and
- (3) the balance of the Consideration in the sum of RMB13.0 million (equivalent to approximately HK\$14.0 million) shall be paid within 5 Business Days after Completion.

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser after taking into account (i) the historical financial performance and position of the business of the Target Company; (ii) the prospect of the business of the Target Company; (iii) the unaudited net book asset value of the Sale Interest as at 31 October 2024 of approximately RMB40.6 million (equivalent to approximately HK\$43.8 million); and (iv) the valuation of the Sale Interest valued at approximately RMB42.9 million (equivalent to approximately HK\$46.3 million) by an independent valuer, Asia-Pacific Consulting and Appraisal Limited, under asset-based approach. In view of the net book asset value of the Sale Interest in the sum of RMB40.6 million, the Consideration is in excess of RMB2.4 million (equivalent to approximately HK\$2.6 million) over the net book asset value of the Sale Interest.

Conditions Precedent

Completion of the Disposal is conditional upon:

- (a) the passing of the requisite resolutions by the Shareholders at the EGM for the approval of the Equity Transfer Agreement and the transactions contemplated thereunder;
- (b) the Vendor signed or completed 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 the Vendor approving the Equity Transfer Agreement and the transactions contemplated thereunder) as required for the registration of the Purchaser or its nominee as the owner of the Sale Interest;
- (c) the Equity Transfer 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); and
- (d) all warranties, representations and undertakings given by the Vendor shall remain true, accurate and not misleading from the date of the Equity Transfer Agreement to the date of Completion.

Pursuant to the Equity Transfer 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 Equity Transfer Agreement shall immediately cease and determined and any party to the Equity Transfer Agreement shall have the right to claim against the other for any antecedent breaches of the terms thereof.

Completion

Completion 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).

Completion shall take place as soon as practicable but in any event not later than the Long Stop Date.

INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated in the PRC on 6 November 2007 with registered share capital of RMB166.0 million whose business comprises of manufacturing, sales and R&D of hollow capsules, and is a leading capsule manufacturing enterprise in terms of scale in northeastern China. As at the date of this announcement, the equity interest in the Target Company is held as to approximately 43.78% by the Vendor, as to approximately 54.43% by the Purchaser while the remaining equity interest is held by an Independent Third Party.

Set out below is a summary of the unaudited financial information of the Target Company recognized on the consolidated financial statements of the Company:

	For the year ended 30 June 2024	For the year ended 30 June 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Profit/(loss) before taxation	5,836	(59,036)
Profit/(loss) after taxation	3,959	(47,873)

INFORMATION OF THE PURCHASER

The Purchaser is a merchant who is principally engaged in the business of capsule manufacturing investment and holds approximately 54.43% equity interest in the Target company. As confirmed by the Company, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor is an Independent Third-Party (save that she is a shareholder of the Target Company).

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

Upon completion of the Disposal, the Group will cease to hold any equity interest in the Target Company. The Company estimates to record an investment loss of approximately RMB41.1 million (before tax and based on the unaudited consolidated net assets attributable to the Sale Interest as at 30 June 2024), but is expected to record an investment gain of not less than RMB2.4 million upon Completion based on the unaudited consolidated net assets attributable to the Sale Interest as at 31 October 2024 (the actual amount of which is subject to the audit results), and the cash flow of the Company will be increased by approximately RMB43.0 million.

The above financial impact is shown for illustrative purpose only and the final gain or loss as a result of the Disposal to be recorded by the Company is subject to the audit results which will be assessed after Completion.

The Directors currently intend to apply all the net proceeds from the Disposal (after deducting relevant costs and expenses in connection with the Disposal) as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

With a view to strengthen the Group's cashflow position so as to satisfying the Group's capital needs, the Board has resolved to proceed with the Disposal.

In addition, the Company is of the view that, through the Disposal, the Company will be able to optimize and adjust its asset structure to increase the liquidity of assets, improve the efficiency of the use of the Company's assets and gain certain benefits therefrom. As such, the Board considers that the Disposal is in the interest of the Company and the Shareholders as a whole.

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

LISTING RULE IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal under the Equity Transfer Agreement exceeds 25%, but less than 75%, the Disposal constitutes a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

Any Shareholder and his/her close associate(s) with a material interest in the Disposal shall abstain from voting on the resolution approving the Disposal in the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders or any of their respective close associates have any material interest in the Disposal; and therefore, none of them will be required to abstain from voting on the relevant resolution to approve the Disposal at the EGM.

GENERAL

The Company will convene an EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among other things, information relating to the Equity Transfer Agreement, further information on the Disposal and a notice of the EGM and other information required under the Listing Rules is expected to be despatched to the Shareholders on or before 10 December 2024.

Completion is conditional upon the satisfaction of the conditions set out in the section headed "The Equity Transfer Agreement – Conditions Precedent" in this announcement, including the approval of the Equity Transfer Agreement and the Disposal contemplated thereunder by the Shareholders at EGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares of the Company.

DEFINITIONS

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

“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 Equity Transfer 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
“Conditions Precedent”	the conditions precedent to the completion of the Equity Transfer Agreement
“Consideration”	the total consideration for the Disposal in the sum of RMB43.0 million (equivalent to approximately HK\$46.4 million)
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 43.78% equity interest in the Target Company
“EGM”	an extraordinary general meeting of the Company to be convened and held to approve the Equity Transfer Agreement and the transactions contemplated thereunder
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Vendor as vendor and the Purchaser as purchaser on 19 November 2024 in relation to the Disposal
“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
“Independent Third-Party”	a third party independent of, and not connected with, the Company and its connected person

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2025 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
“Purchaser”	Huang Yanling (黃艷玲)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	43.78% equity interest in the Target Company
“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), a company incorporated in the PRC with limited liability
“Vendor”	Heilongjiang Jintian Aixin Pharmaceutical Distribution Limited* (黑龍江省金天愛心醫藥經銷有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
Universal Health International Group Holding Limited
Chu Chuanfu
Chairman and Executive Director

Hong Kong, 19 November 2024

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

For illustrative purpose of this announcement and unless otherwise specified, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.08.

** for identification purpose only*