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## **TRAUSON HOLDINGS COMPANY LIMITED**

**創生控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 325)

### **DISCLOSEABLE TRANSACTION ACQUISITION OF A PRC COMPANY**

The Board announces that on 10 January 2013, the Purchaser (a wholly-owned subsidiary of the Company) acquired, and the Sellers sold or procured the sale of, the entire equity interest in the Target Company for a cash consideration of RMB32 million.

As the relevant applicable percentage ratios under Rule 14.07 of the Listing Rules for the Equity Transfer exceed 5% but are less than 25%, the Equity Transfer constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

#### **EQUITY TRANSFER**

**Date:** 10 January 2013

#### **Parties**

- (1) The Purchaser, a wholly-owned subsidiary of the Company.
- (2) The Sellers.

Save for the business relationships between the Group and the Target Company as disclosed in this announcement, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Sellers is a third party independent of the Company and its connected persons.

### **Asset acquired**

The Purchaser has acquired from the Sellers the entire equity interest in the Target Company. The registration of the Equity Transfer with the local Administration of Industry and Commerce was completed on 10 January 2013.

### **Consideration**

The consideration for the Equity Transfer is RMB32 million payable in cash, which has been settled in full. The consideration for the Equity Transfer has been arrived at after arm's length negotiations between the Purchaser and the Sellers, and is based on the appraised value of the Target Company determined by an international professional valuer.

### **Warranties**

In connection with the Equity Transfer, (1) the Purchaser and (2) Ms Shi Baoming and Mr Hong Xufeng entered into a warranty agreement on 17 January 2013, whereby Ms Shi and Mr Hong gave certain warranties in favour the Purchaser with respect to, among others, the business of the Target Company.

### **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company established under the laws of the PRC in December 2011. It was beneficially owned as to 86%, 12% and 2% by Ms Shi Baoming, Mr Hong Xufeng and Mr Huang Shixian, respectively. It has a registered capital of RMB5 million. The Target Company's principal business is the manufacture of surgical instruments for orthopaedic products. As at 31 December 2012, the unaudited net asset value of the Target Company was approximately RMB16.3 million. For the year ended 31 December 2012, the net profits before taxation and extraordinary items and the net profits after taxation and extraordinary items of the Target Company were approximately RMB15.1 million and RMB11.3 million, respectively.

### **REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER**

The Company took a decision in 2011 to experiment outsourcing the production or purchasing surgical instruments from third parties instead of manufacturing its own surgical instruments to test out whether such arrangement would be more cost-effective to the Group. In the beginning of 2012, the Group lined up the Target Company to start manufacturing surgical instruments for the Group. Since its commencement of business in February 2012, the Target Company has sold substantially all of its products to the Group. After a ten-month trial for purchasing surgical instruments from a third party, the Company re-assessed the efficiency of such operation model and considered that it would be administratively more effective to continue the production of surgical instruments internally. After discussion with the Sellers, they agreed to transfer the equity interest in the Target Company to the Group at a consideration based on the appraised value of the Target Company determined by an international professional valuer. The Directors consider that the Equity Transfer presents a good opportunity for the Group to re-align its operation. The Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer are fair and reasonable, and consider that the Equity Transfer is in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the relevant applicable percentage ratios under Rule 14.07 of the Listing Rules for the Equity Transfer exceed 5% but are less than 25%, the Equity Transfer constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in the business of manufacturing and sale of trauma and spine orthopaedic implants and related surgical instruments in the PRC.

## **GENERAL**

The attention of the shareholders of the Company and potential investors are drawn to the joint announcement issued by the Company and Stryker Corporation on the same date of this announcement.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Company”	Trauson Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning given to it under the Listing Rules
“Directors”	directors of the Company
“Equity Transfer”	the transfer of the entire equity interest in the Target Company by the Sellers to the Purchaser
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Purchaser”	創生醫療器械(中國)有限公司 (Trauson (China) Medical Instrument Company Limited), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Sellers”	Ms Shi Baoming, Mr Hong Xufeng and Mr Huang Shixian, who beneficially owned 86%, 12% and 2%, respectively of the equity interest in the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	江蘇創億醫療器械有限公司 (Jiangsu Chuangyi Medical Instrument Co., Ltd.), a company established under the laws of the PRC

English names of the PRC established companies/entities in this announcement are only translation of their respective official Chinese names. In case of inconsistency, the Chinese names prevail.

By order of the Board  
**Trauson Holdings Company Limited**  
**Qian Fu Qing**  
*Chairman*

Hong Kong, 17 January 2013

*As at the date of this announcement, the Directors are Mr Qian Fu Qing and Mr Cai Yong as executive Directors, Ms Xu Yan Hua and Mr Wang Chong Guang Charles as non-executive Directors and Mr Chan Yuk Tong, Dr Lu Bing Heng and Mr Zhao Zi Lin as independent non-executive Directors.*