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北控醫療健康產業集團有限公司

Beijing Enterprises Medical And Health Industry Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2389)

SHARE TRANSACTION

On 2 November 2015 (after trading hours), the Purchaser, an indirectly wholly owned subsidiary of the Company, entered into the Transfer and Subscription of Shares Agreement with the Vendor pursuant to which (i) the Purchaser agreed to acquire and the Vendor agreed to sell 30% of the entire equity interests of the Target Company at the Consideration of RMB57,000,000 (approximately HK\$69,512,000, at the Exchange Rate) and (ii) the Purchaser agreed to subscribe for and the Vendor agreed to issue and allot 12,857,143 shares of the Target Company, representing 30% of the enlarged issued share capital of the Target Company for the investment amount of RMB81,428,571 (approximately HK\$99,303,000, at the Exchange Rate). The Consideration shall be satisfied as to 47.37 % by the Purchaser procuring the Company to allot and issue a total of 41,158,537 Consideration Shares to the Vendor, and the settlement of the remaining 52.63% of the Consideration shall be made by payment in the sum of RMB30,000,000 in cash.

The Consideration Shares represent approximately 0.661% of the existing issued share capital of the Company and approximately 0.656% of the issued share capital of the Company, as enlarged by the issuance of the Consideration Shares. The Consideration Shares will be issued under the General Mandate and will rank pari passu in all respects with each other and with the other Shares then in issue.

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions under the Transfer and Subscription of Shares Agreement are less than 5%, the Transfer and Subscription of Shares Agreement constitutes a share transaction for the Company under Chapter 14 of the Listing Rules.

On 2 November 2015 (after trading hours), the Purchaser, an indirectly wholly owned subsidiary of the Company, entered into the Transfer and Subscription of Shares Agreement with the Vendor pursuant to which (i) the Purchaser agreed to acquire and the Vendor agreed to sell 30% of the entire equity interests in the Target Company and (ii) the Purchaser agreed to subscribe for and the Vendor agreed to issue and allot 12,857,143 shares of the Target Company, representing 30% of the enlarged issued share capital of the Target Company. A summary of the principal terms of the Transfer and Subscription of Shares Agreement and the details of the Target Company are set out below.

THE TRANSFER AND SUBSCRIPTION OF SHARES AGREEMENT

Date : 2 November 2015

Parties : (i) Shanghai Chongyuan Investment Management Company Limited* (上海翀遠投資管理有限公司), being the Purchaser

(ii) Huang Xiaorong (黃小蓉), being the Vendor

(iii) The Company, being the controlling shareholder of the Purchaser

(iv) Fujian Fu Ling Golden Sun Health and Geriatric Company Limited* (福建省福齡金太陽健康養老股份有限公司), being the Target Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is a third party independent of the Company.

Assets to be acquired

Pursuant to the Transfer and Subscription of Shares Agreement, the Purchaser agreed to acquire 30% of the entire equity interests in the Target Company and subscribe for 12,857,143 shares of the Target Company, representing 30% of the enlarged issued share capital of the Target Company. After all, the Purchaser will effectively control 51% of the enlarged share capital of the Target Company. As at the date of this announcement, the Target Company is owned as to 80% by the Vendor.

Consideration for the Acquisition

The aggregate Consideration for the Acquisition is in the sum of RMB57,000,000 or approximately HK\$69,512,000 at the Exchange Rate, to be satisfied in the following manner :

Upon fulfillment of the first tranche payment conditions stipulated in the Transfer and Subscription Agreement therein by the Target Company on or before 10 December 2015 (“**First Tranche Payment**”)

- (i) RMB30,000,000 or approximately HK\$36,585,000 at the Exchange Rate, by the Purchaser by payment in cash payable within 3 Business Days upon receipt of such payment request from the Vendor;
- (ii) RMB8,000,000 or approximately HK\$9,756,000 at the Exchange Rate, by the Purchaser procuring the Company to allot and issue 12,195,122 Consideration Shares, as part of the Consideration for the Acquisition which shall be issued and allotted to the Vendor within 14 Business Days upon receipt of such.

Upon fulfillment of the second tranche payment condition stipulated in the Transfer and Subscription Agreement therein by the Vendor and the Target Company on or before 30 June 2016 (“**Second Tranche Payment**”)

- (iii) RMB19,000,000 or approximately HK\$23,171,000 at the Exchange Rate, by the Purchaser procuring the Company to allot and issue 28,963,415 Consideration Shares, as the remaining balance of the Consideration in the following installments:–
 - 1. 5,792,683 Consideration Shares by 30 April 2017 if the business performance of the Target Company meets the target for the year 2016 stipulated in the Transfer and Subscription of Shares Agreement;
 - 2. 9,214,570 Consideration Shares by 30 April 2018 if the business performance of the Target Company meets the target for the year 2017 stipulated in the Transfer and Subscription of Shares Agreement; and

3. 13,956,162 Consideration Shares by 30 April 2019 if the business performance of the Target Company meets the target for the year 2018 stipulated in the Transfer and Subscription of Shares Agreement.

The Consideration was agreed amongst the Purchaser, the Vendor and the Company after arm's length negotiations with reference to an indicative fair value of approximately RMB190.64 million of business value as at 30 September 2015, as assessed by an independent valuer engaged by the Company, the commitment of the Vendor to the business and the business prospects of the Target Company. Completion of the Acquisition is subject to the satisfaction of Condition Precedents pursuant to the Transfer and Subscription of Shares Agreement. The Directors consider that the Consideration is fair and reasonable.

Consideration Shares

A total of 41,158,537 Consideration Shares will be allotted and issued, representing approximately 0.661% of the existing issued share capital of the Company and approximately 0.656% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The issue price of HK\$0.8 per Consideration Share represents:

- (i) a discount of approximately 3.61% to the closing price of HK\$0.83 per Share as quoted on the Stock Exchange on the date of this announcement; and
- (ii) a premium of approximately 1.78% to the average closing price of HK\$0.786 per Share for the last five consecutive trading days immediately prior to and including the date of this announcement.

The Directors consider that the issue price is fair and reasonable and the issuance of the Consideration Shares at the issue price is in the interest of the Company and the Shareholders as a whole.

The Consideration Shares are to be issued under the General Mandate granted by the Shareholders to the Directors at the extraordinary general meeting held by the Company on 8 July 2015, which authorized the Board to issue up to 1,199,779,683 Shares. As at the date of this announcement, 337,116,306 Shares have been issued pursuant to the General Mandate.

The Company will make an application to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

The Consideration Shares, when issued and fully paid, will rank pari passu in all respects with each other and with other Shares in issue at the time of issue of the Consideration Shares.

Conditions precedent

Completion of the Acquisition is subject to the fulfillment of the following conditions pursuant to the Transfer and Subscription of Shares Agreement:–

- (i) The Target Company has obtained approval from its shareholders in respect of the entering into and execution of the Transfer and Subscription of Shares Agreement;
- (ii) Save and except that from the Vendor, the Vendor has provided to the Purchaser written confirmations from all the other shareholders of the Target Company to waive their respective right of first refusal to purchase the shares of the Target Company;
- (iii) The representations and warranties given by the Vendor and the Target Company under the Transfer and Subscription of Shares Agreement remaining true and accurate in all material respects;
- (iv) All necessary consents and approvals relating to the Acquisition having been obtained, including but not limited to approvals from the Stock Exchange and any other regulators or third parties, if any;
- (v) There is no laws, regulations whether of Hong Kong or elsewhere, judgment, order legal proceedings, arbitration restricting the entering and execution of the Transfer and Subscription of Shares Agreement; and
- (vi) The Company has obtained approval from the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

In the event that the above conditions are not fulfilled on or before 10 December 2015 (or such other date that may be agreed by both parties in writing), the Agreement shall terminate and no party to the Agreement shall have any obligations and liabilities towards one another thereunder save for any antecedent breaches of the terms thereof.

Consideration for the Subscription of Shares

The consideration for the Subscription of Shares is RMB81,428,571 or approximately HK\$99,303,000 at the Exchange Rate, to be satisfied in cash together with the First Tranche Payment.

Completion

Upon satisfaction of the Condition Precedents, the Completion shall take place on or before 31 January 2016 by the following three phases until the Purchaser effectively obtained 51% of the enlarged issued share capital of the Target Company and the Target Company become a subsidiary of the Company:–

- (i) 6,000,000 shares capital of the Target Company be transferred to the Purchaser within 15 Business Days upon receipt of the cash payment from the Purchaser to the Vendor;
- (ii) 3,000,000 shares capital of the Target Company be transferred to the Purchaser on or before 31 January 2016; and
- (iii) 12,857,143 shares capital of the Target Company have been issued and allotted.

Reasons for and Benefits of the Agreement

The Group principally engaged in the development of medical care, health care and geriatric care related infrastructure.

As stated in the interim report of the Company for the six months ended 30 June 2015, the Group continues to look for investment opportunities that allow the Group to effectively develop its business in respect of medical, health and geriatric care.

The Target Company is principally engaged in providing geriatric care and home care service, which aim to develop retirement community and geriatric care services market in the PRC. The Target Company renders innovative care services for the elderly, and establishes a “Trinity” Integrated geriatric care service model including home care, community care and institutional care, to provide the elderly all-round, including clothing, food, shelter, transportation, medical, social and shopping services. Moreover, the services of the Target Company cover approximately 1.5 million elderly populations with approximately 150,000 registered members, the Directors consider that the Acquisition represents a good opportunity for the Group to develop and expand its geriatric care business.

In view of the above, the Directors consider that the transactions under the Transfer and Subscription of Shares Agreement are on normal commercial terms, and that the terms of the transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE VENDOR AND THE TARGET COMPANY

The Vendor is a PRC resident and as at the date of this announcement, is interested in 80% of the equity interests in the Target Company.

The Target Company is a company established in the PRC with limited liability and is principally engaged in providing geriatric and home care services.

The Target Company was incorporated in the year of 2013 with a registered capital of RMB30,000,000. The Target Company recorded losses of approximately RMB2,799,000 and RMB2,806,000 before and after taxation for the year ended 31 December 2014 respectively, and has net liability of RMB778,000 as at 31 July 2015.

CHANGES IN SHAREHOLDING STRUCTURE

Assuming there being no other change in the shareholding structure of the Company, the following table sets out the shareholding structure of the Company (i) as at the date of this Announcement; and (ii) immediately after the Completion.

Shareholders	As at the date of this Announcement		Immediately after the Completion	
	Number of Shares	%	Number of Shares	%
Cosmic Stand International Limited (<i>Note 1</i>)	945,000,000	15.17	945,000,000	15.07
Mr. Wang Zheng Chun and his close associates (<i>Note 2</i>)	294,555,250	4.73	294,555,250	4.70
Public Shareholders				
The Vendor	–	–	41,158,537	0.65
Other Public Shareholders	<u>4,990,886,972</u>	<u>80.10</u>	<u>4,990,886,972</u>	<u>79.58</u>
Total	<u>6,230,442,222</u>	<u>100.00</u>	<u>6,271,600,759</u>	<u>100.00</u>

Notes :

1. Cosmic Stand International Limited is an indirectly wholly owned subsidiary of Beijing Properties (Holdings) Limited.
2. Mr. Wang Zheng Chun (“**Mr. Wang**”) is an executive Director of the Company and directly holds 5,468,750 Shares. Hillfame Holdings Limited and Grand Vision Group Limited, companies wholly owned by Mr. Wang, hold 64,811,000 Shares and 189,201,500 Shares respectively. Ms. Shen Ling Zhao, the spouse of Mr. Wang, holds 35,074,000 Shares.

Listing Rule Implications

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions under the Transfer and Subscription of Shares Agreement are less than 5%, the Transfer and Subscription of Shares Agreement constitutes a share transaction for the Company under Chapter 14 of the Listing Rules.

GENERAL

As the Acquisition is subject to the fulfillment of the conditions precedent set out above, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below, unless the context otherwise requires:-

“Acquisition”	the proposed acquisition of 30% of the entire equity interest of the Target Company by the Purchaser from the Vendor pursuant to the Transfer and Subscription of Shares Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday and public holidays in the PRC) on which banks in the PRC are open for business

“Company”	Beijing Enterprises Medical and Health Industry Group Limited, a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition and the Subscription of Shares in accordance with the terms and conditions of the Transfer and Subscription of Shares Agreement of which the Purchaser effectively holds 51% of the enlarged issued share capital of the Target Company
“Consideration”	the consideration for the Acquisition pursuant to the Transfer and Subscription of Shares Agreement
“Consideration Shares”	41,158,537 new Shares to be allotted and issued to the Vendor pursuant to the Transfer and Subscription of Shares Agreement in respect of the Acquisition
“Director(s)”	the director(s) of the Company
“Exchange Rate”	HK\$1 to RMB0.82
“General Mandate”	the general mandate granted to the Directors pursuant to the ordinary resolution of the Shareholders passed at the extraordinary general meeting of the Company held on 8 July 2015
“Group”	collectively, the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan

“Purchaser”	Shanghai Chongyuan Investment Management Company Limited* (上海翀遠投資管理有限公司), a company established in the PRC with limited liability and an indirectly wholly owned subsidiary of the Company
“Sale Share(s)”	shares of RMB1 each in the capital of the Target Company
“Share(s)”	share(s) of HK\$0.20 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription of Shares”	the subscription of 12,857,143 shares capital issued and allotted by the Target Company
“Target Company”	Fujian Fu Ling Golden Sun Health and Geriatric Company Limited* (福建省福齡金太陽健康養老股份有限公司), a company established in the PRC with limited liability
“Transfer and Subscription of Shares Agreement”	the conditional transfer and subscription of shares agreement dated 2 November 2015 entered into between the Purchaser, the Target Company, the Company and the Vendor
“Vendor”	Huang Xiaorong (黃小蓉), who directly holds 80% of the existing issued share capital of the Target Company as at the date of this announcement

“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 of
**Beijing Enterprises Medical and Health
Industry Group Limited**
Zhu Shi Xing
Chairman

Hong Kong, 2 November 2015

As at the date of this announcement, the Board comprises seven Executive Directors, namely Mr. Zhu Shi Xing, Mr. Liu Xue Heng, Mr. Gu Shan Chao, Mr. Hu Xiao Yong, Mr. Hu Shiang Chi, Mr. Wang Zheng Chun and Mr. Zhang Jing Ming; one Non-Executive Director, namely Mr. Robert Winslow Koepf and four Independent Non-Executive Directors, namely Mr. Xie Ming, Mr. Tse Man Kit, Keith, Mr. Wu Yong Xin and Mr. Zhang Yun Zhou.

* *For identification purpose only*