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**中國 9 號 健康 產業 有限 公司**  
**China Jiuhao Health Industry Corporation Limited**

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

**(Stock Code: 419)**

**MAJOR TRANSACTION –  
INVESTMENT IN HB ENTERTAINMENT**

On 23 March 2016 (after trading hours), the Company, HB Entertainment, the HB Entertainment Major Shareholder and HB Corp entered into the Investment Agreement pursuant to which:

- (a) CPS Subscription – the Company will subscribe for 23,334 CPS at the subscription price of KRW14,042.4 million (equivalent to approximately HK\$92.7 million); and
- (b) Share Purchase – the Company will purchase 46,666 HB Shares from the HB Entertainment Major Shareholder and HB Corp (i.e. 23,333 HB Shares from each of the HB Entertainment Major Shareholder and HB Corp) at an aggregate Purchase Price of KRW28,084.8 million (equivalent to approximately HK\$185.4 million) (subject to adjustments as described under the paragraph headed “Purchase Price” below, whereby the maximum Purchase Price shall not exceed KRW30,893.28 million (equivalent to approximately HK\$203.9 million) and the minimum Purchase Price shall not be below KRW25,276.3 million (equivalent to approximately HK\$166.8 million)).

The CPS Subscription shall be completed in two tranches; the First CPS Subscription comprising 2,864 CPS shall complete on the First CPS Subscription Closing Date and the completion of the Second CPS Subscription comprising 20,470 CPS shall take place within 12 months after the First CPS Subscription Closing Date.

Upon completion of the Share Purchase Closing and the First CPS Subscription Closing, the Company will hold 22.22% of the issued share capital of HB Entertainment and 2,864 CPS; and upon completion of the Second CPS Subscription Closing and full conversion of the CPS, the Company will hold approximately 30% of the enlarged issued share capital of HB Entertainment.

HB Entertainment is a Korean based entertainment company principally engaged in the production of and investment in movies and TV drama series, such as “My Love from the Star” (來自星星的你) casted by Jun Ji-Hyun (全智賢) and Kim Soo-Hyun (金秀賢), and the provision of entertainer/artist management and agency services. The Company considers that the Investment would enable the Group to tap into the Korean media and entertainment market and exposure to more opportunities in investing in Korean cultural and media-related works such as Korean TV drama series, and in marketing and distribution (offline and online) of such Korean cultural and media-related works in China.

### **LISTING RULES IMPLICATIONS**

Based on the applicable percentage ratios, the transactions contemplated under the Investment Agreement constitute a major transaction for the Company and is subject to the announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules. The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Investment Agreement and the transactions contemplated thereunder. A circular containing further information in respect of the Investment Agreement and the notice of the EGM will be despatched to the Shareholders on or before 18 April 2016.

### **THE INVESTMENT AGREEMENT**

On 23 March 2016 (after trading hours), the Company entered into the Investment Agreement, the principal terms of which are set out below:

#### **Date**

23 March 2016

#### **Parties**

- (a) the Company;
- (b) HB Entertainment;

- (c) the HB Entertainment Major Shareholder; and
- (d) HB Corp.

As at the date of this announcement, the HB Entertainment Major Shareholder and HB Corp hold approximately 61.67% and approximately 33.33% respectively of the issued shares of HB Entertainment. HB Corp is principally engaged in the import and export of pulp and papers, and real estate rental business while the principal activities of HB Entertainment are set out under the section headed “Information on HB Entertainment” in this announcement.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, HB Entertainment, HB Corp and their respective ultimate beneficial owners, and the HB Entertainment Major Shareholder are third parties independent of the Company and its connected persons.

### **Subject matters**

Pursuant to the Investment Agreement:

- (a) CPS Subscription – the Company will subscribe for a total of 23,334 CPS at the subscription price of KRW14,042.4 million (equivalent to approximately HK\$92.7 million); and
- (b) Share Purchase – the Company will purchase 46,666 HB Shares from the HB Entertainment Major Shareholder and HB Corp (i.e. 23,333 HB Shares from each of the HB Entertainment Major Shareholder and HB Corp) at an aggregate Purchase Price of KRW28,084.8 million (equivalent to approximately HK\$185.4 million) (subject to adjustments as described under the paragraph headed “Purchase Price” below, whereby the maximum Purchase Price shall not exceed KRW30,893.28 million (equivalent to approximately HK\$203.9 million) and the minimum Purchase Price shall not be below KRW25,276.3 million (equivalent to approximately HK\$166.8 million)).

Upon completion of the Share Purchase Closing and the First CPS Subscription Closing, the Company will hold approximately 22.22% of the issued share capital of HB Entertainment and 2,864 CPS; and upon completion of the Second CPS Subscription Closing and full conversion of the CPS, the Company will hold approximately 30% of the enlarged issued share capital of HB Entertainment.

## **CPS Subscription**

Completion of the CPS Subscription shall take place in two tranches. Under the First CPS Subscription, the Company will subscribe for, and HB Entertainment will issue, 2,864 CPS at the First CPS Subscription Price of KRW1,723,555,053 (equivalent to approximately HK\$11.4 million). Completion of the First CPS Subscription shall take place on the First CPS Subscription Closing Date subject to satisfaction (or waiver where applicable) of all the conditions precedent set out under the paragraph headed “First CPS Subscription Conditions Precedent” below.

Under the Second CPS Subscription, the Company will subscribe for, and HB Entertainment will issue, 20,470 CPS at the Second CPS Subscription Price of KRW12,318,844,947 (equivalent to approximately HK\$81.3 million). Completion of the Second CPS Subscription shall take place within 12 months after the First CPS Subscription Closing Date. If the Company fails to subscribe for all the CPS within 12 months following the First CPS Subscription Closing, HB Entertainment shall have the right, but is not obligated, to issue to any other person the remaining CPS in whole or in part at a price not less than KRW601,799.95 (equivalent to approximately HK\$3,972) per CPS.

### ***CPS Subscription Price***

The aggregate CPS Subscription Price of KRW14,042.4 million (equivalent to approximately HK\$92.7 million), representing approximately KRW601,799.95 (equivalent to approximately HK\$3,972) per CPS, shall be payable as follows:

- (a) the First CPS Subscription Price of KRW1,723,555,053 (equivalent to approximately HK\$11.4 million) is payable at least three Business Days before the First CPS Subscription Closing Date; and
- (b) the Second CPS Subscription Price of KRW12,318,844,947 (equivalent to approximately HK\$81.3 million) is payable at least three Business Days prior to the Second CPS Subscription Closing Date.

### ***First CPS Subscription Conditions Precedent***

The First CPS Subscription Closing is conditional upon satisfaction (or waiver by the Company, other than condition (d) below which is not waivable) of the following conditions:

- (a) each of the representations and warranties made by HB Entertainment under the Investment Agreement being true and correct in all material respects as of the date of the Investment Agreement and the First CPS Subscription Closing Date and HB Entertainment having performed all agreements, obligations and covenants as required under the Investment Agreement on or prior to the First CPS Subscription Closing Date;

- (b) since the date of the Investment Agreement, no applicable law, order or governmental authority shall have been enacted, made effective or instituted (as the case may be) that materially delays or makes illegal the performance of the Investment Agreement;
- (c) all regulatory approvals required to have been obtained by HB Entertainment having been obtained on terms reasonably satisfactory to the Company;
- (d) all regulatory approvals required to have been obtained by the Company, including the approval of the Shareholders at the EGM for the entering into of the Investment Agreement and the transactions contemplated thereunder, having been obtained;
- (e) since the date of the Investment Agreement, there having been no development, change, event, fact, circumstance or occurrence that (i) had or is likely to have a Material Adverse Effect; (ii) would reasonably likely to have a material adverse effect on the consummation of the transactions under the Investment Agreement; or (iii) has been or is reasonably likely to constitute a material adverse change generally in the industry in which HB Entertainment conducts business;
- (f) HB Entertainment having delivered to the Company a compliance certificate executed by the chief executive officer or the president of HB Entertainment certifying that conditions (a) to (e) above (excluding (d)) have been satisfied; and
- (g) the following covenants having been completed to the Company's satisfaction. HB Entertainment shall, and the HB Entertainment Major Shareholder and HB Corp shall cause HB Entertainment to:
  - (i) amend HB Entertainment's articles of incorporation to enable it to issue the CPS by way of a third-party allocation to the Company;
  - (ii) use reasonable efforts to obtain the consent or waiver of the counterparties to any agreement that contains a termination provision which would be triggered by the transactions contemplated under the Investment Agreement; and
  - (iii) consult the counterparties to any agreement that contains a consultation requirement which would be triggered by the transactions contemplated under the Investment Agreement.

## *Second CPS Subscription Closing*

Within 12 months following the First CPS Subscription Closing, the Company shall provide a written notice to HB Entertainment specifying the closing date for the subscription of 20,470 CPS under the Second CPS Subscription which shall be at least 10 Business Days after the delivery of such notice but before the end of 12 months following the First CPS Subscription Closing. The Company shall make full payment of the Second CPS Subscription Price to the account designated by HB Entertainment at least three Business Days prior to the Second CPS Subscription Closing Date.

## *Principal terms of the CPS*

A summary of the principal terms of the CPS is set out below:

Issue price: KRW14,042,400,000 (equivalent to approximately HK\$92.7 million)

Conversion date: Immediately upon the issuance of the audit report of HB Entertainment for the fiscal year 2017 (but no later than 31 March 2018), HB Entertainment shall convert the CPS into HB Shares in accordance with the terms of the Investment Agreement, and the Company shall provide assistance to HB Entertainment that is reasonably necessary for the foregoing conversion.

Conversion ratio: The CPS shall be convertible into HB Shares on the basis of 1: 1 provided, however, that if the aggregate audited net profits after tax of HB Entertainment for the fiscal years 2016 and 2017 are more or less than KRW12,872,200,000 (equivalent to approximately HK\$85.0 million), the conversion ratio shall be adjusted as follows:

$$\text{CPS : HB Share} = 1 : \frac{\text{KRW140,424,000,000} \\ \text{(equivalent to approximately} \\ \text{HK\$926.8 million)}}{\text{Adjusted Valuation}^\#}$$

<sup>#</sup> *As calculated below under the paragraph headed "Purchase Price".*

A fractional share, which is less than one share, shall not be issued. The Company may not exercise conversion right with respect to the fraction of the par value of the CPS.

**Dividends:** The Company shall be entitled to an annual dividend of 1.0% of the par value per CPS. Such dividend shall be participatory and non-cumulative and shall be paid prior to payment of any dividend to holders of HB Shares.

**Ranking:** The CPS shall rank equally with and afford its holders the same rights (including voting rights and priority in distribution upon liquidation), privileges and restrictions as HB Shares.

### **Share Purchase**

The Company will purchase:

- (a) 23,333 HB Shares from the HB Entertainment Major Shareholder at the HB Entertainment Major Shareholder Purchase Price of KRW14,042,400,000 (equivalent to approximately HK\$92.7 million) (subject to adjustments as described under the paragraph headed “Purchase Price” below, whereby the maximum Adjusted HB Entertainment Major Shareholder Purchase Price shall not exceed KRW15,446.64 million (equivalent to approximately HK\$101.9 million) and the minimum Adjusted HB Entertainment Major Shareholder Purchase Price shall not be below KRW12,638,160,000 (equivalent to approximately HK\$83.4 million)); and
- (b) 23,333 HB Shares from HB Corp at the HB Corp Purchase Price of KRW14,042,400,000 (equivalent to approximately HK\$92.7 million) (subject to adjustments as described under the paragraph headed “Purchase Price” below, whereby the maximum HB Corp Purchase Price shall not exceed KRW15,446.64 million (equivalent to approximately HK\$101.9 million) and the minimum Adjusted HB Corp Purchase Price shall not be below KRW12,638,160,000 (equivalent to approximately HK\$83.4 million)).

The Share Purchase Closing shall take place on the Share Purchase Closing Date subject to satisfaction (or waiver where applicable) of all the conditions precedent set out under the paragraph headed “Share Purchase Conditions Precedent” below.

### ***Purchase Price***

The Company will purchase the Sale Shares at an aggregate Purchase Price of KRW28,084.8 million (equivalent to approximately HK\$185.4 million) and shall be subject to adjustments if the aggregate audited net profits after tax of HB Entertainment for the fiscal years 2016 and 2017 are more or less than KRW12,872,200,000 (equivalent to approximately HK\$85.0 million), as follows:

- (a) the Adjusted HB Entertainment Major Shareholder Purchase Price shall equal to 10% of the Adjusted Valuation (as calculated below):

Adjusted Valuation = 10.9091 x (aggregate audited net profits after tax of HB Entertainment for the fiscal years 2016 and 2017),

subject to a ceiling of KRW154,466,400,000 (equivalent to approximately HK\$1,019.5 million) and a floor of KRW126,381,600,000 (equivalent to approximately HK\$834.1 million); and

- (b) the Adjusted HB Corp Purchase Price shall equal to 10% of the Adjusted Valuation (as calculated under (a) above).

The Purchase Price shall be payable as follows:

- (a) 90% of the HB Entertainment Major Shareholder Purchase Price amounting to KRW12,638,160,000 (equivalent to approximately HK\$83.4 million) and 90% of the HB Corp Purchase Price amounting to KRW12,638,160,000 (equivalent to approximately HK\$83.4 million) is payable on or prior to two Business Days prior to the Share Purchase Closing Date; and
- (b) if any, the difference between the Adjusted HB Entertainment Major Shareholder Purchase Price and the amount paid by the Company to the HB Entertainment Major Shareholder under (a) above, and the difference between the Adjusted HB Corp Purchase Price and the amount paid by the Company to HB Corp under (a) above, shall be payable within 15 Business Days from the Company's receipt of the audit report of HB Entertainment for the fiscal year 2017.

### ***Share Purchase Conditions Precedent***

The Share Purchase Closing is conditional upon fulfillment (or waiver by the Company, other than condition (d) below which is not waivable) of the following conditions:

- (a) each of the representations and warranties made by the HB Entertainment Major Shareholder and HB Corp as set out in the Investment Agreement being true and correct in all material respects as of the date of the Investment Agreement and the Share Purchase Closing Date and each of the HB Entertainment Major Shareholder and HB Corp having performed all agreements, obligations and covenants as required under the Investment Agreement on or prior to the Share Purchase Closing Date;
- (b) since the date of the Investment Agreement, no applicable law, order or governmental authority shall have been enacted, made effective or instituted (as the case may be) that materially delays or makes illegal the performance of the Investment Agreement;



- (c) all regulatory approvals required to have been obtained by HB Entertainment and/or the HB Entertainment Major Shareholder and HB Corp having been obtained on terms reasonably satisfactory to the Company;
- (d) all regulatory approvals required to have been obtained by the Company, including the approval of the Shareholders at the EGM for the entering into of the Investment Agreement and the transactions contemplated thereunder, having been obtained;
- (e) since the date of the Investment Agreement, there having been no development, change, event, fact, circumstance or occurrence that (i) had or is likely to have a Material Adverse Effect; (ii) would reasonably likely to have a material adverse effect on the consummation of the transactions under the Investment Agreement; or (iii) has been or is reasonably likely to constitute a material adverse change generally in the industry in which HB Entertainment conducts business;
- (f) the HB Entertainment Major Shareholder and HB Corp having delivered to the Company a compliance certificate certifying that conditions (a) to (e) above (excluding (d)) have been satisfied;
- (g) the First CPS Subscription Closing taking place simultaneously with or prior to the Share Purchase Closing; and
- (h) the covenants set out in condition (g) of the First CPS Subscription Conditions Precedent above having been completed to the Company's satisfaction.

### **Basis of determining the consideration for the Investment**

Each of the CPS Subscription Price, the HB Entertainment Major Shareholder Purchase Price and the HB Corp Purchase Price were determined after arm's length negotiation between the Company and HB Entertainment, the HB Entertainment Major Shareholder and HB Corp respectively with reference to, among others, (i) the audited revenue and net profits of HB Entertainment for the years ended 31 December 2014 and 2015, (ii) HB Entertainment's track record in producing popular movies and TV drama series such as "My Love from the Star" (來自星星的你) casted by Jun Ji-Hyun (全智賢) and Kim Soo-Hyun (金秀賢), (iii) the market trend that Korean TV drama series and entertainment are highly popular in Asia including China and Hong Kong, (iv) the future prospects of HB Entertainment, and (v) the reasons and benefits as stated in the paragraph headed "Reasons for and benefits of the Investment Agreement" below.

## **Initial public offering**

After the Share Purchase Closing, HB Entertainment, the HB Entertainment Major Shareholder and HB Corp shall use their respective best efforts to commence and effect an initial public offering of HB Shares and a simultaneous listing of the HB Shares on a reputable stock exchange of Korea or other reputable stock exchange (the “**QIPO**”) by 31 December 2020 (or a later date agreed among all parties), and allow the Company to sell or otherwise dispose of the HB Shares held by it upon expiration of any lock-up period (if applicable).

## **Board of HB Entertainment**

As from the First CPS Subscription Closing Date and Share Purchase Closing Date, the board of HB Entertainment shall have four directors, one of which shall be nominated, appointed and removed by the Company, up to the date that the Company no longer holds 10% or more of the shares in issue of HB Entertainment.

## **Cooperation and Alliance**

As from the First CPS Subscription Closing Date and Share Purchase Closing Date, the HB Entertainment Major Shareholder and HB Corp shall cause HB Entertainment to discuss and cooperate with the Company in good faith regarding the possibility of the Company’s participation and cooperation with HB Entertainment in potential investments, projects or other businesses of HB Entertainment in the People’s Republic of China arising after the First CPS Subscription Closing Date and Share Purchase Closing Date. HB Entertainment and the Company shall engage in good faith negotiations to execute a separate definitive agreement prescribing the details of the foregoing.

## **Non-competition undertaking**

From the First CPS Subscription Closing Date until the earlier of (i) completion of the QIPO, (ii) when the Company holds less than 10% of the issued capital of HB Entertainment following the sale of its holding of HB Shares, and (iii) the termination of the Investment Agreement, each of the HB Entertainment Major Shareholder and HB Corp shall not, directly or through the HB Entertainment Major Shareholder’s close relatives or any other person controlled by such person, engage in, be employed by, or render any related services to, acquire any financial interest or become actively involved in any entertainment business (as defined in the Investment Agreement) in Korea, or interfere with business relationships (whether formed before or after the date of the Investment Agreement) relating to any entertainment business in Korea between HB Entertainment and its customers, suppliers, partners, members or investors (except with prior written consent of the Company).

## **Restriction on transfer of shares**

Pursuant to the terms of the Investment Agreement:

- (a) each of the HB Entertainment Major Shareholder and HB Corp shall obtain prior written consent of the Company before any intended disposal of all or any portion of the HB Shares held by them to any person;
- (b) the HB Entertainment Major Shareholder, who holds approximately 13.48% in HB Corp as at the date of the Investment Agreement, shall obtain prior written consent from the Company before any intended disposal of all or any portion of the shares in HB Corp it holds;
- (c) HB Entertainment shall obtain the Company's written consent prior to any issuance of new equity securities or equity-linked securities or any other action concerning HB Entertainment that would result in dilution of the Company's shareholding in HB Entertainment, provided however if the Company fails to provide written objection within 15 Business Days after the Company is notified, the Company is deemed to have given written consent; and
- (d) the HB Entertainment Major Shareholder and HB Corp shall notify the Company in writing at least 10 Business Days before any proposed changes in the shareholding structure of HB Corp, and the HB Entertainment Major Shareholder and HB Corp shall ensure that Mr. Sung Jun Moon, the majority shareholder of HB Corp, shall not sell or dispose of his shares in HB Corp without prior written consent of the Company if such sale may adversely affect the rights of control and management of the HB Entertainment Major Shareholder of HB Entertainment.

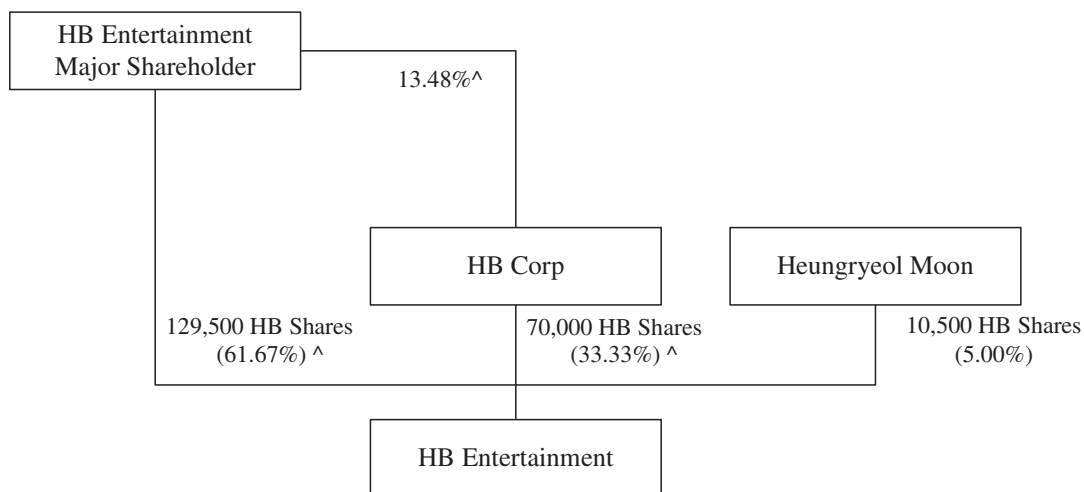
## **Termination**

If the First CPS Subscription Closing or the Share Purchase Closing does not occur by the Long Stop Date, either party may terminate the Investment Agreement by providing written notice to the other parties, provided, however, even before the Long Stop Date, in the event that the Shareholders do not approve the entering into of the Investment Agreement and the transactions contemplated thereunder, the Investment Agreement shall be terminated automatically immediately in which case, none of the Company, the HB Entertainment Major Shareholder, HB Corp or HB Entertainment will be liable for such termination. Further, if the Shareholders' approval fails to be obtained by the Long Stop Date, the Investment Agreement shall be terminated automatically without liability of any party.

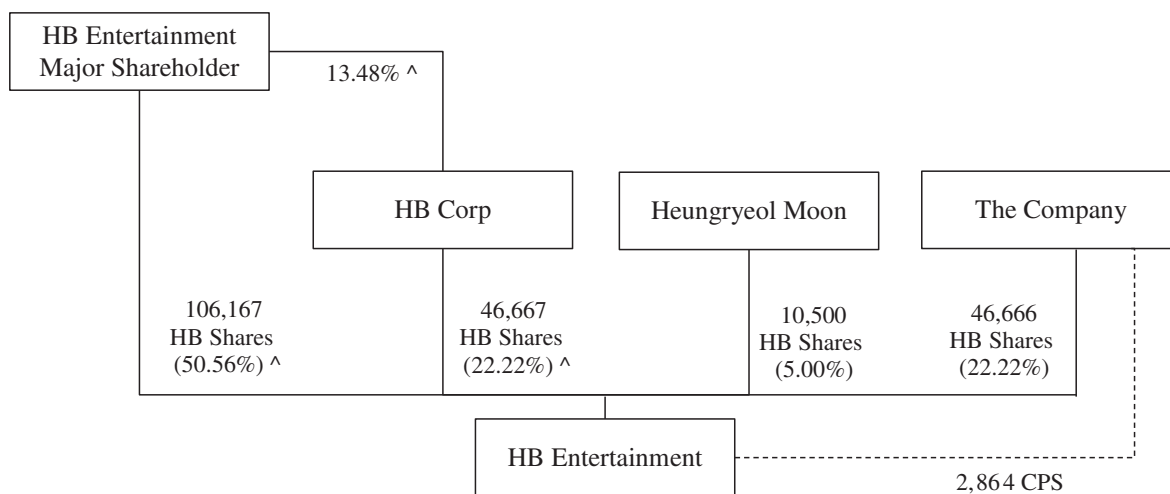
## HB ENTERTAINMENT GROUP STRUCTURES

Set out below are the group structures of HB Entertainment (a) as at the date of this announcement; (b) upon completion of the Share Purchase Closing and the First CPS Subscription Closing; and (c) upon completion of the Second CPS Subscription Closing and full conversion of the CPS.

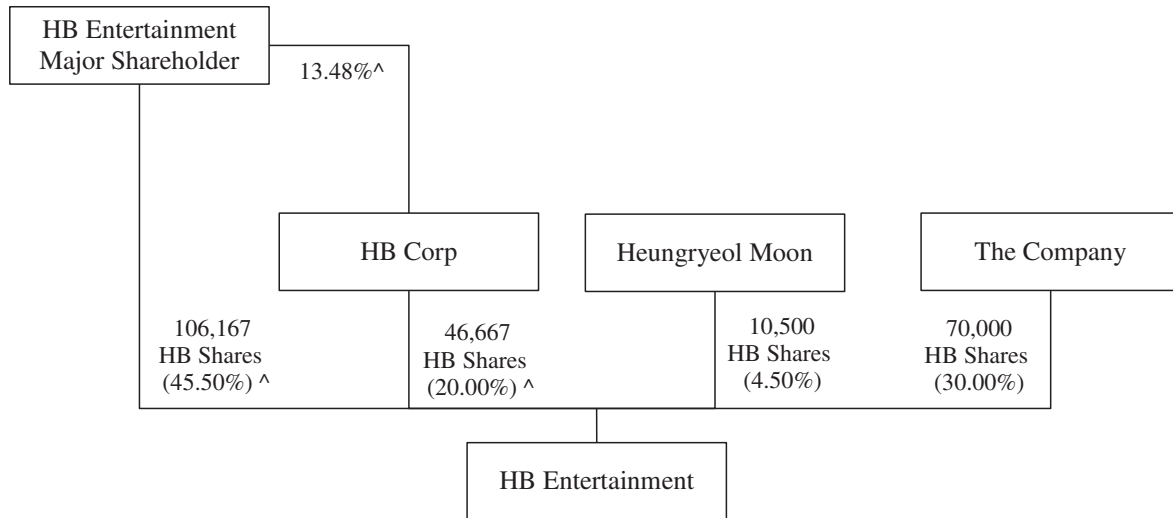
(a) *As at the date of this announcement*



*Upon completion of the Share Purchase Closing and the First CPS Subscription Closing*



(b) Upon completion of the Second CPS Subscription Closing and full conversion of the CPS



<sup>^</sup> Subject to transfer restriction as described under the paragraph headed “Restriction on transfer of shares” above.

## INFORMATION ON HB ENTERTAINMENT

HB Entertainment is a Korean based entertainment company principally engaged in the production of and investment in movies and TV drama series and the provision of entertainer/artist management and agency services.

TV drama series produced by HB Entertainment in recent years include (i) Yong Pal (龍八夷) (2015); (ii) You’re All Surrounded (你們被包圍了) (2014); (iii) My Love from the Star (來自星星的你) (2013); (iv) Seoyeong, My Daughter (我的女兒憐榮) (2012); and (v) 49 Days (49天) (2011) while Ji Jin-Hee (池珍熙), Ahn Jae-Hyeon (安宰賢) and Shin Seongrok (申成祿) are among some of the entertainers/artists currently managed by HB Entertainment. HB Entertainment also owns certain intellectual property rights of the TV drama series “My Love from the Star” (來自星星的你).

The table below sets out the audited revenue, profit before tax and profit after tax of HB Entertainment for the two years ended 31 December 2014 and 2015 in accordance with Generally Accepted Accounting Principles of Korea (“K-GAAP”):

	For the year ended 31 December			
	2014		2015	
	<i>KRW million</i>	<i>HK\$ million equivalent</i>	<i>KRW million</i>	<i>HK\$ million equivalent</i>
Revenue	36,479.7	240.8	<b>29,995.7</b>	<b>198.0</b>
Profit before taxation	7,961.5	52.5	<b>1,920.0</b>	<b>12.7</b>
Profit after taxation	5,801.4	38.3	<b>1,429.1</b>	<b>9.4</b>

As at 31 December 2015, HB Entertainment had audited net assets of approximately KRW8,557.0 million (equivalent to approximately HK\$56.5 million) in accordance with K-GAAP.

## REASONS FOR AND BENEFITS OF THE INVESTMENT AGREEMENT

The Group is principally engaged in media and entertainment business and provision of online and offline healthcare and wellness services.

As stated in the Company’s circular dated 14 January 2016 (the “**Subscription Circular**”) in relation to the subscription of Shares by a group of investors, including Huayi Brothers, the Company will invest in, develop and operate offline and online cultural and new media business in China and overseas and intends to leverage on the support of Huayi Brothers and tap into international investment opportunities, for example, in Hollywood production and Korean productions.

HB Entertainment is one of the reputable privately owned TV drama producer companies in Korea. It has a track record of producing high-quality and popular TV drama series including “My Love from the Star” (來自星星的你) casted by Jun Ji-Hyun (全智賢) and Kim Soo-Hyun (金秀賢), “You’re All Surrounded” (你們被包圍了) and “Yong Pal” (龍八夷), and also owns certain intellectual property rights of the TV drama series “My Love from the Star” (來自星星的你). By investing in a minority stake in HB Entertainment, the Group would be able to tap into the Korean media and entertainment market and exposure to more opportunities in investing in Korean cultural and media-related works such as Korean TV drama series, and in marketing and distribution (offline and online) of such Korean cultural and media-related works in China. By leveraging on the experiences and resources of the Company and its substantial Shareholder, Huayi Brothers, in Chinese movies and TV drama production and in Chinese artist management, the Company considers that the Investment can assist HB Entertainment in producing popular TV drama series and movies in the future with broader focus on the Greater China market, and hence further improve the business and financial performance of HB Entertainment which would in turn benefit the Group.

Out of the total consideration for the Investment (comprising the CPS Subscription and the Share Purchase) of up to approximately KRW44,935.7 million (equivalent to approximately HK\$296.6 million), approximately KRW26,999.9 million (equivalent to approximately HK\$178.2 million) will be payable upon completion of the Share Purchase Closing and the First CPS Subscription Closing, and will be financed by the Group's internal resources. The remaining portion of up to approximately KRW17,935.8 million (equivalent to approximately HK\$118.4 million) will be financed from expected investment returns from the Ten Film Production Cooperation Agreement and the Animation Film Cooperation Agreement (details of both agreements are as set out in the Subscription Circular, under the paragraph headed "Use of proceeds and future business plan" of the Letter from the Board section). No additional debt or equity fundraising will be required for the Investment.

Having considered the aforesaid factors and the factors stated in the paragraph headed "Basis of determining the consideration for the Investment" above, the Directors consider that the terms of the Investment Agreement, including the aggregate consideration, are fair and reasonable and the Investment Agreement is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Based on the applicable percentage ratios, the transactions contemplated under the Investment Agreement constitute a major transaction for the Company and is subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Investment Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the HB Entertainment Major Shareholder, HB Corp and HB Entertainment and their respective associates did not hold any Shares, options or securities convertible or exchangeable into Shares as at the date of the Investment Agreement. No Shareholder has a material interest in the transactions contemplated under the Investment Agreement which is different from the other Shareholders. No Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the Investment Agreement and the transactions contemplated thereunder.

## **GENERAL**

A circular containing further information in respect of the Investment Agreement and the notice of the EGM will be despatched to the Shareholders on or before 18 April 2016.

## DEFINITIONS

Unless otherwise stated, the following terms shall have the following meanings in this announcement:

“Adjusted HB Corp Purchase Price”	the final consideration payable to HB Corp for the HB Corp Acquisition, calculated in accordance with the terms of the Investment Agreement
“Adjusted HB Entertainment Major Shareholder Purchase Price”	the final consideration payable to the HB Entertainment Major Shareholder for the HB Entertainment Major Shareholder Acquisition, calculated in accordance with the terms of the Investment Agreement
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day that is not a Saturday, Sunday or other day on which banks are required or authorized by law to be closed in Seoul, Korea
“Company”	China Jiu hao Health Industry Corporation Limited, a company incorporated in the Cayman Islands, the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“CPS”	convertible preferred stock with par value of KRW5,000 (equivalent to approximately HK\$33) each in HB Entertainment with details of conversion features set out under the paragraph headed “Principal terms of the CPS” in this announcement
“CPS Subscription”	the subscription of 23,334 CPS (under the First CPS Subscription and the Second CPS Subscription) by the Company pursuant to the terms of the Investment Agreement
“CPS Subscription Price”	the aggregate of the First CPS Subscription Price and the Second CPS Subscription Price
“Director(s)”	the director(s) of the Company



“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of allowing the Shareholders to consider and, if thought fit, approve the CPS Subscription and the Share Purchase
“Enlarged Group”	the Group including its interest in HB Entertainment upon completion of the Share Purchase Closing, the First CPS Subscription Closing, the Second CPS Subscription Closing and full conversion of the CPS
“First CPS Subscription”	the subscription of 2,864 CPS by the Company under the terms of the Investment Agreement
“First CPS Subscription Closing”	the closing of the First CPS Subscription in accordance with the terms of the Investment Agreement
“First CPS Subscription Closing Date”	the fifth Business Day after all the conditions precedent set out under the paragraph headed “First CPS Subscription Conditions Precedent” in this announcement are satisfied (or waived where applicable), or such other date as agreed between the Company and HB Entertainment in writing
“First CPS Subscription Price”	the subscription price of KRW1,723,555,053 (equivalent to approximately HK\$11.4 million) for the First CPS Subscription
“Group”	the Company and its subsidiaries
“HB Corp”	HB Corporation, a company incorporated under the laws of Korea
“HB Corp Acquisition”	the acquisition of 23,333 HB Shares by the Company from HB Corp under the terms and conditions of the Investment Agreement
“HB Corp Purchase Price”	the purchase price of KRW14,042,400,000 (equivalent to approximately HK\$92.7 million) for the HB Corp Acquisition (subject to adjustments as set out under the paragraph headed “Purchase Price” in this announcement)
“HB Entertainment”	HB Entertainment Co., Ltd., a company incorporated under the laws of Korea
“HB Entertainment Major Shareholder”	Ms. Bo Mi Moon (文普美), an individual citizen of Korea

“HB Entertainment Major Shareholder Acquisition”	the acquisition of 23,333 HB Shares by the Company from the HB Entertainment Major Shareholder under the terms and conditions of the Investment Agreement
“HB Entertainment Major Shareholder Purchase Price”	the purchase price of KRW14,042,400,000 (equivalent to approximately HK\$92.7 million) for the HB Entertainment Major Shareholder Acquisition (subject to adjustments as set out under the paragraph headed “Purchase Price” in this announcement)
“HB Share(s)”	common stock(s) with par value of KRW5,000 (equivalent to approximately HK\$33) each in HB Entertainment
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huayi Brothers”	Huayi Brothers International Limited, a wholly-owned subsidiary of Huayi Brothers Media Corporation (華誼兄弟傳媒股份有限公司), which is a company listed on the Shenzhen Stock Exchange (stock code: 300027)
“Investment”	the CPS Subscription and the Share Purchase
“Investment Agreement”	the investment agreement dated 23 March 2016 entered into among the Company, HB Entertainment, the HB Entertainment Major Shareholder and HB Corp in relation to the CPS Subscription and the Share Purchase
“Korea”	the Republic of Korea
“KRW”	Korean won, the lawful currency of South Korea
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	six months after the date of the Investment Agreement

“Material Adverse Effect”	any event, change, circumstance, occurrence, effect or state of facts that has an adverse effect exceeding KRW500 million (equivalent to approximately HK\$3.3 million) to the business, assets, liabilities, condition, results of operations or prospects of HB Entertainment
“Purchase Price”	the aggregate of the HB Entertainment Major Shareholder Purchase Price and the HB Corp Purchase Price
“Sale Shares”	the 46,666 HB Shares in aggregate held by the HB Entertainment Major Shareholder and HB Corp to be disposed to the Company under the Share Purchase
“Second CPS Subscription”	the subscription of 20,470 CPS by the Company under the terms of the Investment Agreement
“Second CPS Subscription Closing”	the closing of the Second CPS Subscription in accordance with the terms of the Investment Agreement
“Second CPS Subscription Closing Date”	the closing date for the Second CPS Subscription as specified in the written notice provided by the Company to HB Entertainment, which shall be at least 10 Business Days after the delivery of such notice but before the end of 12 months following the First CPS Subscription Closing Date
“Second CPS Subscription Price”	the subscription price of KRW12,318,844,947 (equivalent to approximately HK\$81.3 million) for the Second CPS Subscription
“Share(s)”	the ordinary share(s) with a par value of HK\$0.02 each in the share capital of the Company
“Share Purchase”	collectively, the HB Entertainment Major Shareholder Acquisition and the HB Corp Acquisition
“Share Purchase Closing”	the closing of the Share Purchase in accordance with the terms of the Investment Agreement
“Share Purchase Closing Date”	the fifth Business Day after all the conditions precedent set out under the paragraph headed “Share Purchase Conditions Precedent” in this announcement are satisfied (or waived where applicable), or such other date as agreed by the Company, the HB Entertainment Major Shareholder and HB Corp in writing

“Shareholder(s)” holder(s) of the issued Shares

“Stock Exchange” The Stock Exchange of Hong Kong Limited

By Order of the Board  
**China Jiu hao Health Industry Corporation Limited**  
**WANG Zhongjun**  
*Chairman*

Hong Kong, 23 March 2016

*As at the date of this announcement, the Board comprises:*

*Executive directors: Mr. WANG Zhongjun (Chairman), Mr. LAU Seng Yee (Vice Chairman), Mr. WANG Zhonglei, Mr. LIN Haifeng, Ms. WANG Dongmei, Mr. YUEN Hoi Po*

*Independent non-executive directors: Dr. WONG Yau Kar David, BBS, JP, Mr. YUEN Kin, Mr. CHU Yuguo*

*For illustration purposes, KRW is translated into HK\$ at an exchange rate of KRW1.00 = HK\$0.0066.*