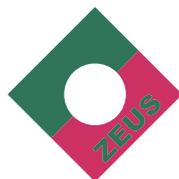


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Zhongzhi Pharmaceutical Holdings Limited

中智藥業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3737)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF PROPERTIES

THE ACQUISITION

Zhongzhi Pharmaceutical, an indirect wholly owned subsidiary of the Company, had been negotiating with the Vendor I and Vendor II in relation to the acquisition of the Properties as the Company intends to establish a self-owned sales office in Shenzhen. As such, Zhongzhi Pharmaceutical had entered into the following agreements in relation to the Acquisition.

On 27 July 2016, Zhongzhi Pharmaceutical entered into the Renovation Agreement with the Supplier in relation to the renovation of Office Property I at a consideration of approximately RMB4.1 million.

On 4 August 2016 (after trading hours), Zhongzhi Pharmaceutical entered into the Office Properties Sale and Purchase Agreements with the Vendor I for the acquisition of Office Property I and Office Property II at a consideration of approximately RMB54.1 million.

On 4 August 2016 (after trading hours), Zhongzhi Pharmaceutical entered into the Residential Properties Sale and Purchase Agreements with the Vendor II for the acquisition of the Residential Properties at a consideration of RMB10.0 million.

IMPLICATIONS UNDER THE LISTING RULES

The Acquisition is required to be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 5% but does not exceed 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Zhongzhi Pharmaceutical, an indirect wholly owned subsidiary of the Company, had been negotiating with the Vendor I and Vendor II in relation to the acquisition of the Properties as the Company intends to establish a self-owned sales office in Shenzhen. As such, Zhongzhi Pharmaceutical had entered into the following agreements in relation to the Acquisition.

On 27 July 2016, Zhongzhi Pharmaceutical entered into the Renovation Agreement with the Supplier in relation to the renovation of Office Property I at a consideration of approximately RMB4.1 million.

On 4 August 2016 (after trading hours), Zhongzhi Pharmaceutical entered into the Office Properties Sale and Purchase Agreements with the Vendor I for the acquisition of Office Property I and Office Property II at a consideration of approximately RMB54.1 million.

On 4 August 2016 (after trading hours), Zhongzhi Pharmaceutical entered into the Residential Properties Sale and Purchase Agreements with the Vendor II for the acquisition of the Residential Properties at a consideration of RMB10.0 million.

THE RENOVATION AGREEMENT

Date

27 July 2016

Parties

Purchaser: Zhongzhi Pharmaceutical

Supplier: Shenzhen Nantu Decoration and Design Company Limited*
(深圳市藍塗裝飾設計工程有限公司)

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the Supplier and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

* *For identification purpose only*

Consideration

Pursuant to the Renovation Agreement, the Supplier shall provide renovation services for the Office Property I at a consideration of approximately RMB4.1 million. The consideration will be payable by Zhongzhi Pharmaceutical in cash in the following manner:

- (a) an initial deposit in the sum of RMB0.5 million was paid to the Supplier within three business day after the signing of the Renovation Agreement; and
- (b) the balance in the sum of approximately RMB3.6 million shall be payable to the Supplier upon Zhongzhi Pharmaceutical's inspection and acceptance of the completion of renovation.

The consideration of the Renovation Agreement was determined after arm's length negotiation between the Supplier and Zhongzhi Pharmaceutical on normal commercial terms having taken into account the prevailing market price of renovations of similar properties of similar size. The settlement of the consideration will be financed by the Company's internal resources.

Completion

Pursuant to the Renovation Agreement, the Supplier shall complete the renovation service and Zhongzhi Pharmaceutical shall inspect the renovation on or before 15 August 2016.

THE OFFICE PROPERTIES SALE AND PURCHASE AGREEMENTS

Date

4 August 2016

Parties

Purchaser: Zhongzhi Pharmaceutical

Vendor I: Shenzhen Xinrunyuan Property Development Company Limited*
(深圳市新潤園房地產開發有限公司)

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the Vendor I and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

* *For identification purpose only*

Assets to be acquired

The transactions contemplated under the Office Properties Sale and Purchase Agreements consist of the acquisition of Office Property I and Office Property II.

The Office Property I represents the Units A–H on the 20th Floor, Dream City Office Tower, Mei Lin Lu, Futian Qu, Shenzhen, the PRC, which is a commercial property with a gross floor area of approximately 1,129 sqm.

The Office Property II represents Unit F on the 16th Floor, Dream City Office Tower, Mei Lin Lu, Futian Qu, Shenzhen, the PRC, which is a commercial property with a gross floor area of approximately 172 sqm.

Consideration

The consideration of the Office Property I and Office Property II are approximately RMB54.1 million which will be payable by Zhongzhi Pharmaceutical to the Vendor I in cash in the following manner:

- (a) an initial deposit representing 60% of the consideration to be paid upon the signing of the Office Properties Sale and Purchase Agreements; and
- (b) the remaining balance shall be payable to the Vendor I upon the completion of registration of transfer with the Ministry of Land and Resources of the PRC.

The consideration of the Office Property I and the Office Property II were determined after arm's length negotiation between the Vendor I and Zhongzhi Pharmaceutical on normal commercial terms having taken into account the prevailing market value of similar properties in the same district. The settlement of the consideration will be financed by the Company's internal resources.

THE RESIDENTIAL PROPERTIES SALE AND PURCHASE AGREEMENTS

Date

4 August 2016

Parties

Purchaser: Zhongzhi Pharmaceutical

Vendor II: Mr. Zheng Yuan Zhi (鄭元治)

To the best of the Directors' knowledge, information and belief after having made all responsible enquires, the Vendor II and his associates are third party independent of the Company and its connected persons.

Assets to be acquired

The Residential Properties represent Units 1621 and 1623 on the 16th Floor, Dream City Residential Apartment, Mei Lin Lu, Futian Qu, Shenzhen, the PRC, which are residential apartments with gross floor area of approximately 144 sqm.

Consideration

The consideration of the Residential Properties is RMB10.0 million which will be payable by Zhongzhi Pharmaceutical to the Vendor II in cash within two days upon the signing of the Residential Properties Sale and Purchase Agreements.

The consideration of the Residential Properties was determined after arm's length negotiation between the Vendor II and Zhongzhi Pharmaceutical on normal commercial terms having taken into account the prevailing market value of similar properties in the same district. The settlement of the consideration will be financed by the Company's internal resources.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the manufacture and sale of pharmaceutical products in the PRC.

The Vendor I is a company with limited liability established in the PRC principally engaged in property development for sales and leasing.

The Supplier is a company with limited liability established in the PRC principally engaged in the provision of design and renovation services.

The Properties are situated in the center of Shenzhen, where the management of the Company had been meeting with business partners and investors on a regular basis. The Company intends to establish a sales office in Shenzhen to leverage on its strategic location to consolidate and expand the distribution network and promote the Company's brand in the PRC and international market.

The Board considers that (i) it is the long term benefit to the Group's development to acquire the Office Property I and Office Property II for the establishment of a self-owned sales office in Shenzhen; (ii) the acquisition of the Residential Properties shall serve as staff quarter which may reduce the time required for the management of the Company to travel between offices in Zhongshan and Shenzhen and achieve savings in travelling and accommodation expenses; and (iii) the Acquisition may also broaden the asset base and provide capital appreciation opportunity to the Group. As such, the Board (including all the independent non-executive Directors) considers that the terms of the Acquisition are fair, reasonable and on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

The Acquisition is required to be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules, as one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 5% but does not exceed 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

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|-----------------------|---|
| “Acquisition” | the acquisition of the Properties by Zhongzhi Pharmaceutical at a consideration of approximately RMB64.1 million pursuant to the terms and conditions of the Office Properties Sale and Purchase Agreements and the Residential Properties Sale and Purchase Agreements, and the renovation of the Office Property I at a consideration of approximately RMB4.1 million pursuant to the terms and conditions Renovation Agreement |
| “Board” | the board of Directors |
| “Company” | Zhongzhi Pharmaceutical Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 3737) |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “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 |

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| “Office Properties Sale and Purchase Agreements” | the sale and purchase agreements entered into between Zhongzhi Pharmaceutical and the Vendor I on 4 August 2016 for the acquisition of Office Property I and Office Property II |
| “Office Property I” | Units A–H on the 20th Floor, Dream City Office Tower, Mei Lin Lu, Futian Qu, Shenzhen, the PRC (深圳市福田區梅林路理想時代大廈20層A–H辦公室) |
| “Office Property II” | Unit F on the 16th Floor, Dream City Office Tower, Mei Lin Lu, Futian Qu, Shenzhen, the PRC (深圳市福田區梅林路理想時代大廈16層F辦公室) |
| “PRC” | The People’s Republic of China |
| “Properties” | the Office Property I, the Office Property II and Residential Properties |
| “Renovation Agreement” | the agreement entered into between Zhongzhi Pharmaceutical and the Supplier on 27 July 2016 in relation to the renovation of Office Property I |
| “Residential Properties” | Units 1621 and 1623 on the 16th Floor, Dream City Residential Apartment, Mei Lin Lu, Futian Qu, Shenzhen, the PRC (深圳市福田區梅林路理想時代公館16層1621及1623號房) |
| “Residential Properties Sale and Purchase Agreements” | the sale and purchase agreements entered into between Zhongzhi Pharmaceutical and the Vendor II on 4 August 2016 for the acquisition of the Residential Properties |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | holder(s) of the share(s) in the share capital of the Company |
| “sqm” | square meters |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supplier” | Shenzhen Nantu Decoration and Design Company Limited* (深圳市藍塗裝飾設計工程有限公司), a company with limited liability established in the PRC |

* For identification purpose only

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|---------------------------|---|
| “Vendor I” | Shenzhen Xinrunyuan Property Development Company Limited* (深圳市新潤園房地產開發有限公司), a company with limited liability established in the PRC |
| “Vendor II” | Mr. Zheng Yuan Zhi (鄭元治) |
| “Zhongzhi Pharmaceutical” | Zhongshan Zhongzhi Pharmaceutical Group Co., Ltd.* (中山市中智藥業集團有限公司), a limited liability company established in the PRC and an indirectly wholly owned subsidiary of the Company |
| “%” | per cent |

By order of the Board
Zhongzhi Pharmaceutical Holdings Limited
Mr. Lai Zhi Tian
Chairman and Executive Director

Hong Kong, 4 August 2016

As at the date of this announcement, the Board comprises seven directors. The executive directors are Mr. Lai Zhi Tian, Ms. Jiang Li Xia, Ms. Mou Li and Mr. Cao Xiao Jun. The independent non-executive directors are Mr. Ng Kwun Wan, Mr. Wong Kam Wah and Mr. Zhou Dai Han.

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