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LANSEN PHARMACEUTICAL HOLDINGS LIMITED

朗生醫藥控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 503)

NON-EXERCISE OF THE PUT OPTION GRANTED BY NATURAL DAILYHEALTH

INTRODUCTION

Reference is made to the announcement dated 24 March 2016 in relation to the Subscription Agreement and the announcement of Lansens Pharmaceutical Holdings Limited (the “**Company**”) dated 25 June 2018 in relation to the extension of exercise period of the put option granted by Natural Dailyhealth to the Subscriber, a wholly-owned subsidiary of the Company.

According to the Subscription Agreement, Natural Dailyhealth granted a put option (the “**Put Option**”) to the Subscriber. At any time during the period of three months commencing immediately after the second anniversary of the date of the Subscription Agreement (the “**Previous Put Option Period**”), the Subscriber is, at its absolute discretion, entitled to exercise the Put Option to require Natural Dailyhealth to purchase all (but not part) of the Subscription Shares then held by the Subscriber at the Put Option Strike Price. The Previous Put Option Period expired on 24 June 2018. On 24 June 2018, the Subscriber and Natural Dailyhealth entered into a supplemental conditional agreement to the Subscription Agreement (the “**Supplemental Agreement**”) pursuant to which the parties agreed that the expiry date of the Previous Put Option Period shall be extended to 24 June 2019 on the condition that CIH having obtained the relevant simple majority approvals in respect of the transactions contemplated under the Supplemental Agreement in accordance with the listing rules of the London Stock Exchange (the “**CIH Approval**”).

After taking into account the Company’s strategic plan, the Board has decided, notwithstanding that the CIH Approval has yet to be obtained, that the Subscriber will not exercise the Put Option and will continue to hold Natural Dailyhealth for the long-term development of the Group’s business. The Subscriber has notified both Natural Dailyhealth and CIH of its decision of the non-exercise of the Put Option.

IMPLICATIONS UNDER THE HK LISTING RULES

As at the date of this announcement, CIH owns 51.59% of the equity interest in the Company, and is therefore a substantial shareholder of the Company and a connected person of the Company. CI Biotechnology and the Subscriber own 70% and 30% respectively of the issued share capital of Natural Dailyhealth. CI Biotechnology is a wholly and indirectly owned subsidiary of CIH. Each of CI Biotechnology and Natural Dailyhealth, being an associate of CIH, are both connected persons of the Company.

Pursuant to Rule 14A.79(4) of the HK Listing Rules, if the Company has decided not to exercise the Put Option, the relevant transaction must be classified as if the Put Option has been exercised. The Company is allowed to use the alternative tests in Rule 14A.79(4)(b) (the “**Alternative Size Tests**”) and each of the applicable percentage ratios in respect of the non-exercise of the Put Option is less than 0.1%. Therefore, the non-exercise of the Put Option is subject to the announcement requirement under Rule 14A.79(4) of the HK Listing Rules, but is fully exempt from the reporting requirement and the independent shareholders’ approval requirement under Rule 14A.76(1) of the HK Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 24 March 2016 (the “**Announcement**”) in relation to, inter alia, the subscription agreement (the “**Subscription Agreement**”) executed by the wholly-owned subsidiary of the Company, Lansan Pharmaceutical Holdings Limited (incorporated in the British Virgin Islands) (the “**Subscriber**”), and Natural Dailyhealth (formerly known as Haotian Holdings Limited); and the announcement of the Company dated 25 June 2018 in relation to the extension of exercise period of the Put Option granted by Natural Dailyhealth.

BACKGROUND

According to the Subscription Agreement, Natural Dailyhealth granted a put option (the “**Put Option**”) to the Subscriber. At any time during the period of three months commencing immediately after the second anniversary of the date of the Subscription Agreement (the “**Previous Put Option Period**”), the Subscriber is, at its absolute discretion, entitled to exercise the Put Option to require Natural Dailyhealth to purchase all (but not part) of the Subscription Shares then held by the Subscriber at the Put Option Strike Price. The Previous Put Option Period expired on 24 June 2018. On 24 June 2018, the Subscriber and Natural Dailyhealth entered into a supplemental conditional agreement to the Subscription Agreement (the “**Supplemental Agreement**”) pursuant to which the parties agreed that the expiry date of the Previous Put Option Period shall be extended to 24 June 2019 on the condition that CIH having obtained the relevant simple majority approvals in respect of the transactions contemplated under the Supplemental Agreement in accordance with the listing rules of the London Stock Exchange (the “**CIH Approval**”).

As at the date of this announcement, CI Biotechnology and the Subscriber own 70% and 30% respectively of the issued share capital of Natural Dailyhealth.

NON-EXERCISE OF THE PUT OPTION

For the reasons stated in paragraph headed “Reasons for and benefits of the non-exercise of the Put Option” below, the Board has decided, notwithstanding that the CIH Approval has yet to be obtained, that the Subscriber will not exercise the Put Option and will continue to hold Natural Dailyhealth for the long-term development of the Group’s business. The Subscriber has notified both Natural Dailyhealth and CIH of its decision of the non-exercise of the Put Option.

Mr. Lee Jin Yi and Mr. Stephen Burnau Hunt are the common directors of the Company and CIH, but they do not hold any equity interest in Natural Dailyhealth. Therefore, they do not consider themselves to have material interests in the non-exercise of Put Option and have not abstained from voting on the resolutions of the Board to approve the non-exercise of the Put Option thereunder.

Mr. Wu Zhen Tao is the common director of the Company and CIH and is also indirectly holding 61.74% of CIH shares. Given Natural Dailyhealth is an indirect subsidiary of CIH, he has abstained from voting on the resolutions of the Board to approve the non-exercise of the Put Option.

Except as mentioned above, no other Director has a material interest in the non-exercise of put option and has abstained from voting on the relevant board resolution approving the non-exercise of the Put Option thereunder.

REASONS FOR AND BENEFITS OF THE NON-EXERCISE OF THE PUT OPTION

It is the view of the management of the Company that Natural Dailyhealth represents a suitable platform for the Company to develop its healthcare segment. After several years of effort, Natural Dailyhealth’s sales strategy which focuses on major products and major customers is expected to have a positive prospect this year. Natural Dailyhealth has been pushing forward the applications for the registration of several of its healthcare products with China Food and Drug Administration and is expected to make significant progress this year. At the same time, three new health food products are expected to be launched into the market in 2019. The first product has been launched and various marketing campaigns have been carrying out.

Natural Dailyhealth's business is strategically critical to the Company's growth. Management of the Company considers that the healthcare segment would be a core segment for the Group’s future development, in which Natural Dailyhealth’s products will be the growth engine of the entire Group. As a result, not exercising the Put Option would be in line with the Company’s strategic plan and in the interests of the Company and the shareholders as a whole.

Based on the valuation report dated 22 March 2019 prepared by the Independent Expert using generally acceptable methodologies the investment value of the shares of Natural Dailyhealth held by the Subscriber as at Valuation Date is RMB75,397,000 and the Put Option Strike Price will range from RMB64,133,000 to RMB64,510,000 (depending on the interest calculated to the actual date of the exercise of the Put Option).

Given the investment value is larger than the Put Option Strike Price, the Board has decided that the Subscriber will continue to hold Natural Dailyhealth for the long-term development of the Group's business and will not exercise the Put Option. The independent non-executive Directors and the Independent Financial Adviser have confirmed that the non-exercise of the Put Option is fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE HK LISTING RULES

As at the date of this announcement, CIH owns 51.59% of the equity interest in the Company, and is therefore a substantial shareholder of the Company and a connected person of the Company. CI Biotechnology and the Subscriber own 70% and 30% respectively of the issued share capital of Natural Dailyhealth. CI Biotechnology is a wholly and indirectly owned subsidiary of CIH. Each of CI Biotechnology and Natural Dailyhealth, being an associate of CIH, are both connected persons of the Company.

Pursuant to Rule 14A.79(4) of the HK Listing Rules, if the Company has decided not to exercise the Put Option, the relevant transaction must be classified as if the Put Option has been exercised. The Company is allowed to use the alternative tests in Rule 14A.79(4)(b) (the “**Alternative Size Tests**”) and each of the applicable percentage ratios in respect of the non-exercise of the Put Option is less than 0.1%. Therefore, the non-exercise of the Put Option is subject to the announcement requirement under Rule 14A.79(4) of the HK Listing Rules, but is fully exempt from the reporting requirement and the independent shareholders' approval requirement under Rule 14A.76(1) of the HK Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:-

“associate(s)”	has the meaning given to it under the HK Listing Rules
“Board”	the board of Directors
“CI Biotechnology”	Cathay International Biotechnology and Pharmaceutical (China) Limited, a company incorporated in the British Virgin Islands with limited liability
“CIH”	Cathay International Holdings Limited, a company incorporated in Bermuda and whose shares are listed on the London Stock Exchange
“Company”	Lansen Pharmaceutical Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning given to it under the HK Listing Rules
“Directors”	the directors of the Company

“Group”	the Company and its subsidiaries from time to time
“HK Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“HK Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Expert”	Ascent Partner, an independent valuer appointed by the Company to provide a valuation on the shares of Natural Dailyhealth held by the Subscriber
“Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the appointed independent financial adviser in relation to the non-exercise of the Put Option
“Natural Dailyhealth”	Natural Dailyhealth Holdings Limited (formerly known as Haotian Holdings Limited), a company incorporated in the British Virgin Islands with limited liability
“percentage ratios”	the percentage ratios under Rule 14.07 of the HK Listing Rules
“Put Option Strike Price”	the aggregate of the Subscription Price times the number of Subscription Shares then held by the Subscriber, and interest calculated at one-year Hong Kong fixed deposit rate to be accrued daily on a simple basis from the relevant completion dates of the Subscription and up to the date on which Natural Dailyhealth settles the obligation under the Put Option. Natural Dailyhealth shall pay the Put Option Strike Price to the Subscriber in cash within six months from the date of the exercise of the Put Option
“Subscription Shares”	the shares issued to the Subscriber by Natural Dailyhealth pursuant to the Subscription Agreement, representing 30% of the enlarged issued share capital of Natural Dailyhealth
“Valuation Date”	31 December 2018
“%”	per cent.

By Order of the Board
Lansen Pharmaceutical Holdings Limited
Wu Zhen Tao
Chairman

Hong Kong, 21 June 2019

As at the date of this announcement, the executive managing Director is Mr. Chen Li; the non-executive Directors are Mr. Wu Zhen Tao, Mr. Lee Jin Yi, Mr. Stephen Burnau Hunt and Ms. Liu Xuezi; the independent non-executive Directors are Mr. Chan Kee Huen, Michael, Mr. Fritz Heinrich Horlacher and Mr. Yeung Tak Bun, Allen.