

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



China Grand Pharmaceutical and Healthcare Holdings Limited

遠大醫藥健康控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00512)

**CONNECTED TRANSACTION
RAW MATERIALS PURCHASE AGREEMENT**

On 24 December 2019, Wuhan Kernel, an indirect 91.6% owned subsidiary of the Company, entered into the Purchase Agreement with Baoding Jiufu, pursuant to which Wuhan Kernel agreed to purchase Raw Materials from Baoding Jiufu for an aggregate consideration of approximately RMB52.1 million (equivalent to approximately HK\$58.0 million).

As at the date of this announcement, China Grand is interested in 1,671,671,149 Shares, representing approximately 49.5% of the total issued share capital of the Company and is thus a controlling shareholder of the Company. Baoding Jiufu is a non-wholly owned subsidiary of China Grand, and therefore Baoding Jiufu is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transaction contemplated under the Purchase Agreement constitute a connected transaction of the Company.

As one or more of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules in respect of the transaction amount under the Purchase Agreement exceed 0.1%, but all of the applicable percentage ratios are less than 5%, the transaction contemplated under the Purchase Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The principal terms of the Purchase Agreement and some other information relating to the transaction contemplated therein are set out below.

THE PURCHASE AGREEMENT

Date : 24 December 2019

Parties : (1) Wuhan Kernel, as purchaser
(2) Baoding Jiufu, as vendor

Subject matter : Wuhan Kernel shall purchase Raw Materials from Baoding Jiufu.

Consideration : The aggregate consideration for the purchase of Raw Materials pursuant to the Purchase Agreement (the "**Consideration**") is approximately RMB52.1 million (equivalent to approximately HK\$58.0 million), which was arrived at after arm's length negotiations between the parties with reference to the prevailing market prices of similar products and on normal commercial terms.

Payment terms : 50% of the Consideration shall be payable by Wuhan Kernel to Baoding Jiufu in cash within five working days after entering into the Purchase Agreement, and the remaining 50% of the Consideration shall be payable by Wuhan Kernel to Baoding Jiufu in cash within 60 days after delivery of the Raw Materials and passed the quality inspection.

INFORMATION ON WUHAN KERNEL, THE COMPANY AND THE GROUP

Wuhan Kernel is a company established in the PRC with limited liability and a 91.6% indirectly owned subsidiary of the Company principally engaged in the research and development, production and sale of bio-pesticides, bio-fertilizer, micro bio-feed additives raw materials and finished product thereof.

The Company is principally engaged in investment holding. The Group is mainly engaged in the research and development, manufacturing and sales of pharmaceutical preparations, medical devices, specialised pharmaceutical raw materials and healthcare products.

INFORMATION ON BAODING JIUFU

Baoding Jiufu is a company established in the PRC with limited liability owned as to approximately 71% by China Grand and as to approximately 29% by Independent Third Parties, and, together with its subsidiaries, principally engaged in the manufacture and sale of high-end steroidal compound.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PURCHASE AGREEMENT

The products to be purchased under the Purchase Agreement are various types of raw materials, including an exclusive product, for the production of antibiotics which can be applied in animal feeds. The entering into the Purchase Agreement will enable the Group to maintain high product quality and a constant supply of the required Raw Materials, which enables the Group to implement its business strategies and reduce its operational risks.

In view of the above, the Directors (including the independent non-executive Directors) consider that the entering into of the Purchase Agreement is in the Group's ordinary course of business and on normal commercial terms, and that the terms and conditions of the Purchase Agreement are determined on an arm's length basis among the relevant parties, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, China Grand is interested in 1,671,671,149 Shares, representing approximately 49.5% of the total issued share capital of the Company and is thus a controlling shareholder of the Company. Baoding Jiufu is a non-wholly owned subsidiary of China Grand, and therefore Baoding Jiufu is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transaction contemplated under the Purchase Agreement constitute a connected transaction of the Company.

As one or more of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules in respect of the transaction amount under the Purchase Agreement exceed 0.1%, but all of the applicable percentage ratios are less than 5%, the transaction contemplated under the Purchase Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Hu Bo, who is a nephew of Mr. Hu, is considered to be interested in the transactions contemplated under the Purchase Agreement and has abstained from voting on the board resolutions for approving the said transaction. In addition, Mr. Liu Chengwei is a director of China Grand, and Dr. Shao Yan is a director of Outwit. Both of them had voluntarily abstained from voting on the board

resolutions for approving the said transaction to avoid any potential conflict of interests. Save as aforesaid, the Board confirms that none of the Directors has any material interest in the transactions contemplated under the Purchase Agreement and is required to abstain from voting on the board resolutions for approving the Purchase Agreement.

DEFINITIONS

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

“Baoding Jiufu”	Baoding Jiufu Biochemical Co., Ltd.* (保定九孚生化有限公司), a company established in the PRC with limited liability owned as to approximately 71 % by China Grand and as to approximately 29% by Independent Third Parties
“Board”	the board of Directors
“China Grand”	China Grand Enterprises Incorporation* (中國遠大集團有限責任公司), a company established in the PRC with limited liability, being a controlling shareholder of the Company which is indirectly interested in approximately 49.5% of the total issued share capital of the Company, and is controlled and ultimately and beneficially owned by Mr Hu
“Company”	China Grand Pharmaceutical and Healthcare Holdings Limited (遠大醫藥健康控股有限公司), a company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the main board of the Stock Exchange
“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
“Independent Third Party(ies)”	person(s) or company(ies) which, to the best of the Directors’ knowledge having made all due and careful enquiries, is not a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hu”	Mr. Hu Kaijun, a substantial shareholder of the Company
“Outwit”	Outwit Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial Shareholder
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Agreement”	the purchase agreement dated 24 December 2019 entered into

	between Wuhan Kernel and Baoding Jiufu
“Raw Materials”	various types of raw materials for the production of antibiotics which can be applied in animal feeds
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wuhan Kernel”	Wuhan Kernel Bio-Tech Co., Ltd.* (武漢科諾生物科技股份有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

In this announcement, amounts denominated in RMB have been translated into HK\$ at the rate of RMB0.898 = HK\$1.00 for illustration purpose only.

By order of the Board
**China Grand Pharmaceutical and
Healthcare Holdings Limited**
Liu Chengwei
Chairman

Hong Kong, 24 December 2019

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Liu Chengwei, Mr. Hu Bo, Dr. Shao Yan and Dr. Niu Zhanqi and three independent non-executive Directors, namely, Ms. So Tosi Wan, Winnie, Dr. Pei Geng and Mr. Hu Yebi.

* *For identification purpose only*