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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)

RESULT OF THE TENDER IN RELATION TO THE POSSIBLE ACQUISITION

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the announcement of the Company dated 29 November 2012 in relation to the Possible Acquisition. The Board is pleased to announce that the Group had participated in the Tender on 29 November 2012. On 17 December 2012, the Group was notified to be eligible to enter into the Share Transfer Agreement, as such, the Share Transfer Agreement was entered into between the Group and the Vendor on the same day.

This announcement made by China Grand Pharmaceutical and Healthcare Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Reference is made to the announcement (the “**Announcement**”) of the Company dated 29 November 2012 in relation to the Possible Acquisition. Unless otherwise indicated, the capitalised terms used herein shall have the same meanings as those defined in the Announcement.

Result of the Tender in relation to the Possible Acquisition

As disclosed in the Announcement, the Tender expired at 4:30 p.m. on 30 November 2012. The Group has submitted application together with the Guarantee Payment to WGUAEE for participating in the Tender on 29 November 2012 after the Proposed Mandate was granted by a written approval from Outwit on the same day and such application had been validly tendered and not been withdrawn.

The Board is pleased to announce that as the Group has placed the highest auction bid amongst the other qualified intended purchasers at a final price of approximately RMB134.9 million. On 17 December 2012, the Group was notified to be eligible to enter the Share Transfer Agreement, as such, the Share Transfer Agreement was entered into between the Group and the Vendor on the same day.

Further information in relation to Grand Pharm (China) and the Share Transfer Agreement

Apart from the information which has already announced by the Board in the Announcement, the Board would also like to provide further information in relation to Grand Pharm (China) and the Share Transfer Agreement as follow:

Grand Pharm (China) was appraised by 武漢華晟正浩資產評估有限公司 (Wuhan Hua Sheng Zheng Hao Assets Appraisals Limited#). Based on the valuation report dated 30 June 2012, the assessed total assets value of Grand Pharm (China) was approximately RMB2,048.7 million, the assessed net liabilities was approximately RMB1,308.8 million, the assessed net assets value was approximately RMB739.9 million and the corresponding assessed value of Sale Interest was therefore approximately RMB149.9 million.

Further, according to the tender result, the 掛牌價 (listing price) of the Tender was approximately RMB134.9 million which is also the total consideration of the Sale Interest payable by the Group to the Vendor pursuant to the Share Transfer Agreement. As disclosed in the Announcement, the Guarantee Payment in the sum of RMB40.5 million would be applied towards settling part of the consideration.

Pursuant to the Share Transfer Agreement, the 產權交易憑證 (asset transfer certificate) will be issued by the WGUAEE and the Vendor shall convene a general meeting for approving resolutions in relation to the transfer of Sale Interest and in particular, to amend the articles of association to that effect. The Vendor shall also procure Grand Pharm (China) to proceed with completing the necessary registration procedures for the change in shareholders with the relevant authorities in the PRC and the Purchaser shall assist and co-operate with the Vendor in this regard.

As disclosed in the Announcement, an undertaking will be given by the Group to the effect that it will not transfer any Sale Interest within the period commencing on the date of the completion of the abovesaid registration of the transfer until the date falling three years thereafter.

WAIVER FOR CONVENING SHAREHOLDERS' MEETING

Further to the disclosure made in the Announcement, a waiver from the requirement to convene a general meeting of Shareholders was granted by the Stock Exchange on 3 December 2012. Since the terms and conditions of the Share Transfer Agreement are now becoming available, Outwit, the controlling Shareholder holding 1,228,275,094 Shares as at the date hereof (representing approximately 62.60% of the issued Shares) has further approved the Possible Acquisition, including but not limited to the Share Transfer Agreement and the transactions contemplated thereunder in writing.

As such, pursuant to Rule 14.44 of the Listing Rules and in light of the shareholders' approval requirements under Rule 14.40 of the Listing Rules has been satisfied, the written shareholders' approval by Outwit has been accepted in lieu of holding a general meeting to approve the Possible Acquisition, the Share Transfer Agreement and the transactions contemplated thereunder and hence, no general meeting of the Company will be held for approving the Share Transfer Agreement and the transactions contemplated thereunder.

For illustration purposes, figures in RMB in this announcement have been translated into HKD at the exchange rate of RMB0.805 = HK\$1. Such conversion shall not be construed as a representation that amounts in RMB were or may have been converted into HKD using such exchange rate or any other exchange rate or at all.

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

Hong Kong, 17 December 2012

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. Zhang Ji and three independent non-executive directors, namely Ms. So Tosi Wan, Winnie, Mr. Lo Kai Lawrence and Dr. Pei Geng.

** for identification purpose only*