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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)

**CONNECTED TRANSACTION –
PROPOSED AMENDMENT TO THE
CONVERTIBLE NOTES**

On 3 September 2013, the Company and Smart Concept Enterprise Limited, a company wholly-owned by Mr. Yuen, an executive director of the Company and being the sole Noteholder, entered into the Deed of Variation to amend a term of the Convertible Notes to permit the Company to early redeem the outstanding Convertible Notes at their face value.

According to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible equity securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible equity securities. The Proposed Amendment shall be subject to the approval of the Stock Exchange. An application for approval of the Proposed Amendment will be submitted by the Company to the Stock Exchange.

As Mr. Yuen is an executive director of the Company, the Proposed Amendment constitutes a connected transaction for the Company under the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements.

The Company will put forward the Proposed Amendment at the EGM for Independent Shareholders' approval.

The Independent Board Committee comprising all the independent non-executive Directors, will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the Proposed Amendment. The appointment of the Independent Financial Adviser is subject to the approval of the Independent Board Committee. Further announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser is made.

A circular containing, amongst other things, details of the Proposed Amendment, the letter from the Independent Board Committee, the letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders and notice of the EGM will be despatched to the Shareholders as soon as possible.

PROPOSED AMENDMENT TO CONVERTIBLE NOTES

Reference is made to the Company's announcement dated 25 May, 2012 and the circular dated 8 August, 2012 in relation to the acquisition by the Company of the entire issued share capital of Yuan Shun Investments Limited. As part of the consideration for that acquisition, the Company issued the Convertible Notes to Smart Concept Enterprise Limited.

The Proposed Amendment

On 3 September 2013, the Company and Smart Concept Enterprise Limited, the current holder of the Convertible Notes, entered into the Deed of Variation to vary terms and conditions of the Convertible Notes so as to permit the Company to early redeem the Convertible Notes at their face value.

Apart from the Proposed Amendment, all other terms and conditions of the Convertible Notes remain intact and unchanged.

The Deed of Variation shall be subject to the following conditions:

- (i) all necessary consents and approvals (including Independent Shareholder's approval) required to be obtained on the part of the Company in respect of the Deed of Variation having been obtained;
- (ii) approval of not less than 75% in principal amount of the holders of the Convertible Notes; and
- (iii) the Stock Exchange having approved the Proposed Amendment.

As at the date of this announcement, none of the conditions has been fulfilled. The Proposed Amendment shall take effect immediately upon the fulfillment of the abovementioned conditions.

Reasons for the Proposed Amendment

The original terms and conditions of the Convertible Notes does not allow for early redemption. However, (i) in order to give flexibility to the Company; (ii) to permit the Company to better manage its gearing levels; and (iii) to assist the Board to manage possible dilution to Shareholders in the future, the Proposed Amendment is contemplated.

The Proposed Amendment which was arrived after arm's length negotiation between the Board and Smart Concept Enterprise Limited has no financial impact to the financial position and operations of the Group as a result of such amendment.

In view of the above, the Board considers that the Proposed Amendment is in the interests of the Company and the Independent Shareholders as a whole. The Company has no current intention to early redeem the Convertible Notes.

Listing Rules implications

According to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible equity securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible equity securities. The Proposed Amendment shall be subject to the approval of the Stock Exchange. An application for approval of the Proposed Amendment will be submitted by the Company to the Stock Exchange.

The Company will put forward the Proposed Amendment at the EGM for approval.

As Mr. Yuen is an executive director of the Company, the Proposed Amendment constitutes a connected transaction for the Company under the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements.

The Independent Board Committee comprising all the independent non-executive Directors, will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the Proposed Amendment. The appointment of the Independent Financial Adviser is subject to the approval of the Independent Board Committee. Further announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser is made.

A circular containing, amongst other things, details of the Proposed Amendment, the letter from the Independent Board Committee, the letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholder and notice of the EGM will be despatched to the Shareholders as soon as possible.

DEFINITIONS

In this announcement, the following words and expressions shall, unless the context otherwise requires, have the same meanings when used herein:

“Acquisition”	the acquisition by the Company of the entire issued share capital of Yuan Shun Investments Limited as announced by the Company on 25 May 2012
“Board”	the board of Directors
“Company”	China Jiu hao Health Industry Corporation Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Convertible Notes”	the RMB569,000,000 (approximately HK\$700,000,000) face value convertible notes issued by the Company in connection with the Acquisition
“Deed of Variation”	the deed of variation dated 3 September 2013 entered into between the Company and Smart Concept Enterprise Limited relating to the amending of the terms and conditions of the Convertible Notes
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held and convened to the Independent Shareholders approving the Deed of Variation
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the board committee comprising all the independent non-executive Directors to advise the Independent Shareholders as to fairness and reasonableness of the Deed of Variation and the transactions contemplated thereunder

“Independent Financial Adviser”	the independent financial adviser to the Independent Board Committee and Independent Shareholders on the Proposed Amendment
“Independent Shareholders”	Shareholders other than Mr. Yuen and his associates
“Listing Rules”	the Rules Governing the listing of securities on the Main Board of the Stock Exchange
“Mr. Yuen”	Mr. Yuen Hoi Po, an executive director of the Company
“Proposed Amendment”	the proposed amendment to the terms of Convertible Notes which involves allowing the Company to early redeem the outstanding Convertible Notes at their face value
“Share(s)”	the ordinary share(s) HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) as recorded on the registers of members of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“%”	per cent.

By Order of the Board
China Jiu hao Health Industry Corporation Limited
YUEN Hoi Po
Chairman

Hong Kong, 3 September 2013

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

Executive Directors: Mr. YUEN Hoi Po (Chairman), Mr. ZHANG Changsheng (Vice Chairman)

Non-executive Directors: Mr. Edward TIAN Suning, Mr. Hugo SHONG

Independent Non-executive Directors: Professor WEI Xin, Dr. WONG Yau Kar David, BBS, JP, Mr. YUEN Kin, Mr. CHU Yuguo