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The United Laboratories International Holdings Limited
聯邦制藥國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3933)

**PROPOSED ISSUE OF U.S.\$130,000,000 CONVERTIBLE BONDS
DUE 2021**

Lead Manager

CREDIT SUISSE 

Proposed Issue of U.S.\$ Convertible Bonds due 2021

The Company is pleased to announce that on 21 November 2016, the Company and the Lead Manager entered into a Subscription Agreement, under which the Lead Manager agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Company in an aggregate principal amount of U.S.\$130,000,000 on a fully-underwritten basis.

Based on the initial Conversion Price of HK\$5.35 per share and assuming full issuance and full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into 188,470,841 New Shares, representing:

- (i) approximately 11.58% of the issued ordinary share capital of the Company as at the date of this announcement; and
- (ii) approximately 10.38% of the issued ordinary share capital of the Company, as enlarged.

The Bonds have not been offered or sold and may not be offered or sold in Hong Kong other than to “professional investors” (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong).

The Bonds and the New Shares have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside the United States in reliance on Regulation S under the US Securities Act.

The New Shares will be allotted and issued by the Company pursuant to the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 3 June 2016. All the New Shares will rank *pari passu* and carry the same rights and privileges in all respects with the Shares then in issue on the relevant conversion date. The issue of the Bonds is not subject to the approval of the Shareholders.

The Bond Issue constitutes a disclosable transaction for the Company under Rule 14.06(2) of the Listing Rules, and is therefore subject to the reporting and announcement requirements.

An application will be made for the listing of the Bonds on the Hong Kong Stock Exchange. Listing of, and permission to deal in, the New Shares on the Hong Kong Stock Exchange will also be sought.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed “THE SUBSCRIPTION AGREEMENT” below for further information.

WARNING: As the Subscription Agreement may or may not complete, the Bonds may or may not be issued and/or the New Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

Date: 21 November 2016

Parties:

1. The Company
2. The Lead Manager

Subscription:

Subject to the fulfilment of the conditions set out below in the section headed “Conditions Precedent”, the Lead Manager has agreed to subscribe and pay for or to procure subscribers to subscribe and pay for the Bonds to be issued by the Company on the Closing Date in an aggregate principal amount of U.S.\$130,000,000 on a fully-underwritten basis.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Lead Manager is a third party independent of the Company and is not a connected person of the Company.

The Lead Manager has informed the Company that it has offered and sold the Bonds to no less than six independent placees (who will be independent individual, corporate and/or institutional investors). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the placees (and the respective ultimate beneficial owners) is a third party independent of the Company and is not a connected person of the Company.

Conditions Precedent:

The obligations of the Lead Manager to subscribe, or procure subscribers to subscribe, and pay for the Bonds are conditional on the following conditions precedent:

1. ***Due Diligence:*** the Lead Manager being satisfied with the results of its due diligence investigations with respect to the Company and its subsidiaries and the Offering Circular being prepared in the form and content satisfactory to the Lead Manager;
2. ***Other Contracts:*** the execution and delivery (on or before the Closing Date) of the Trust Deed and the Agency Agreement, each in a form reasonably satisfactory to the Lead Manager by the respective parties;
3. ***SLA:*** the execution and delivery on or prior to the date hereof of the SLA by Credit Suisse Securities (Europe) Limited ("**CSSEL**"), Credit Suisse AG, Hong Kong Branch ("**CSAGHK**") and the Lender, which shall be, as at the Closing Date, in full force and effect and the Lender has complied with all provisions of the SLA, including delivering to or causing to be delivered to CSSEL and CSAGHK the Shares borrowed under the SLA;
4. ***Shareholder's Lock-up:*** Heren Far East Limited shall have executed a lock-up agreement on the date of the Subscription Agreement in the form set out in the Subscription Agreement and such lock-up agreement shall be in full force and effect on the Closing Date;
5. ***Listing of the Bonds:*** the Hong Kong Stock Exchange having agreed to list the Bonds, subject only to the issue of the Bonds (or the Lead Manager being satisfied that such listing will be granted);

6. **Auditors' Letters:** on the date of the Offering Circular and on the Closing Date, there having been delivered to the Lead Manager letters, in form and substance satisfactory to the Lead Manager, dated the date of the Offering Circular in the case of the first letter and dated the Closing Date in the case of the subsequent letter, and addressed to the Lead Manager from Deloitte Touche Tohmatsu, Certified Public Accountants to the Company;
7. **Compliance:** at the Closing Date:
 - (a) the representations and warranties of the Company in the Subscription Agreement shall be true, accurate and correct at, and as if made on such date;
 - (b) the Company shall have performed all of its obligations under the Subscription Agreement expressed to be performed on or before such date; and
 - (c) there shall have been delivered to the Lead Manager a certificate of a duly authorised officer of the Company to such effect;
8. **Material Adverse Change:** up to and including the Closing Date there shall not have occurred any change or any development or event likely to involve a prospective change, in the condition (financial or other), prospects, results of operations, business, management, general affairs or properties of the Company or of the Group, which, in the opinion of the Lead Manager, is material and adverse in the context of the issue and offering of the Bonds;
9. **Listing of the New Shares:** the Hong Kong Stock Exchange having agreed to list the New Shares upon conversion of the Bonds (or the Lead Manager being satisfied that such listing will be granted);
10. **Legal Opinions:** on or before the Closing Date there having been delivered to the Lead Manager the following documents, in form and substance satisfactory to the Lead Manager, dated the Closing Date, of:
 - (a) legal opinion of Conyers Dill & Pearman, legal advisers to the Company as to Cayman Islands law;

- (b) legal opinion of Haiwen & Partners, legal advisers to the Lead Manager as to PRC law;
- (c) legal opinion of Jingtian & Gongcheng, legal advisers to the Company as to PRC law; and
- (d) legal opinion of Linklaters, legal advisers to the Lead Manager and the Trustee as to English law;

and such other resolutions, consents, authorities and documents relating to the issue of the Bonds, as the Lead Manager may reasonably require; and

11. ***Other Consents:*** on or prior to the Closing Date there shall have been delivered to the Lead Manager copies of all consents and approvals required in relation to the issue of the Bonds and the performance of the Company's obligations under the Trust Deed, Agency Agreement and the Bonds (including the consents and approvals required from all lenders).

The Lead Manager may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the conditions precedent, except for the conditions precedent relating to the Trust Deed and Agency Agreement.

As at the date of this announcement, all the above conditions precedent to the completion of the Subscription Agreement are yet to be satisfied and/or (as the case may be) waived.

It is the intention of the Company to satisfy or procure the satisfaction of the above conditions precedent of the Subscription Agreement before the Closing Date.

Termination of the Subscription Agreement:

Notwithstanding anything contained in the Subscription Agreement, the Lead Manager may, by notice to the Company given at any time prior to payment of the net subscription monies for the Bonds to the Company, terminate the Subscription Agreement in any of the following circumstances:

1. if there shall have come to the notice of the Lead Manager any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription Agreement;
2. if any of the conditions precedent specified in the Subscription Agreement has not been satisfied or waived by the Lead Manager on or prior to the Closing Date;
3. if, in the opinion of the Lead Manager, there shall have been in the Lead Manager's opinion, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls such as which would in the Lead Manager's view, be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;
4. if, in the opinion of the Lead Manager, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Hong Kong Stock Exchange, the Shanghai Stock Exchange and/or the Shenzhen Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a suspension or a material limitation in trading in the Company's securities on the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (iii) a general moratorium on commercial banking activities in the United States, Hong Kong, the People's Republic of China and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, the People's Republic of China or the United Kingdom; or (iv) change or development involving a prospective change in taxation affecting the Company, the Bonds and the New Shares or the transfer thereof; or
5. if, in the opinion of the Lead Manager, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in the Lead Manager's view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

Lock-up:

The Company has undertaken to the Lead Manager that neither the Company nor any person acting on its behalf will (a) issue, offer, sell, contract to sell, pledge, encumber or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Lead Manager between the date of the Subscription Agreement and the date which is 90 days after the Closing Date (both dates inclusive); except for (i) the Bonds and the New Shares, (ii) any Shares or options granted pursuant to the Company's publicly disclosed share option scheme and (iii) any Shares issued pursuant to conversion by Bondholders of the Company outstanding Renminbi denominated U.S. dollar settled convertible bonds issued on 14 November 2011.

Shareholder's Lock-up:

Heren Far East Limited has undertaken to the Lead Manager that, for a period commencing from the date of the Subscription Agreement to 90 days after the Closing Date, without the prior written consent of the Lead Manager, it will not (a) issue, offer, sell, contract to sell, pledge, encumber or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Lock-up Shares or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as Lock-up Shares or other instruments representing interests in Lock-up Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of Lock-up Shares,

(c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing save for any transfer of shares to be made pursuant to the stock borrowing and lending agreement (as set out below).

STOCK BORROWING AND LENDING AGREEMENT

Heren Far East Limited as lender, on 21 November 2016, entered into a stock borrowing and lending agreement with CSAGHK and CSSEL to effect the lending of up to 111,450,000 Shares in aggregate.

The maximum number of 111,450,000 Shares which are subject to the stock borrowing and lending agreement represent approximately 6.85% of the issued ordinary share capital of the Company as at the date of this announcement.

PRINCIPAL TERMS OF THE BONDS

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|-------------------------------|---|
| Company | The Company. |
| Lead Manager | Credit Suisse (Hong Kong) Limited. |
| Principal Amount of the Bonds | U.S.\$130,000,000 principal amount of its 4.50% convertible bonds due 2021, convertible into fully paid ordinary shares with a par value of HK\$0.01 each in the issued and paid up capital of the Company. |
| Maturity Date | 5 December 2021. |
| Issue Price | 100% of the principal amount. |
| Issue Date | 5 December 2016. |
| Form and Denomination | The Bonds will be issued in registered form in denominations of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof. |

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| Interest | The Bonds bear interest from (and including) the Issue Date at the rate of 4.50% per annum calculated by reference to the principal amount of the Bonds and payable semi-annually in arrear on 5 June and 5 December of each year, commencing on 5 June 2017. |
| Conversion | <p>Subject to certain conditions, each Bondholder has the right to convert his Bonds into New Shares at the Conversion Price at any time on or after 15 January 2017 up to the close of business on the seventh day prior to the Maturity Date or, if such Bonds shall have been called for redemption by the Company before the Maturity Date, then up to the close of business on a date no later than seven days prior to the date fixed for redemption thereof.</p> <p>The number of New Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted (translated to Hong Kong Dollars at the fixed rate of HK\$7.7563 = U.S.\$1.00 (the “Fixed Exchange Rate”)) by the Conversion Price in effect at the relevant conversion date.</p> |
| Conversion Price | The initial Conversion Price is HK\$5.35 per share which represents a premium of 15.0% over the closing price of the Shares at the end of the trading session on 21 November 2016 (being HK\$4.66). The initial Conversion Price is determined by the parties after arms’ length negotiations with reference to the recent share price and future prospects of the Group. |

The Conversion Price is subject to adjustment for, amongst other things, consolidation, subdivision or reclassification, capitalisation of profits or reserves, distribution, rights issues of Shares or options over Shares at less than 95% of the then current market price, rights issues of other securities, issues of Shares at less than 95% of the then current market price, issues of other securities at less than 95% of the then current market price, modification of rights of conversion (where consideration per Share is less than 95% of the then current market price), other offers to Shareholders and other dilutive events. The Conversion Price is also subject to adjustment upon a Change of Control in the Company. The Conversion Price may not be reduced so that, on conversion of the Bonds, New Shares would fall to be issued at a discount to their nominal value or would require shares to be issued in any other circumstances not permitted by applicable law.

Conversion Price Reset

If the average of the daily Volume Weighted Average Prices (as defined in the Terms and Conditions) of the Shares (the “**Reset Reference Price**”) for the period of 15 consecutive Trading Days immediately prior to and excluding 13 December 2016 (the “**Reset Date**”), converted into US Dollars at the average of the daily Prevailing Rate (as defined in the Terms and Conditions) for the period of 15 consecutive Trading Days immediately prior to and excluding the Reset Date, is less than US\$0.6008, being the Closing Price on 21 November 2016 converted into US Dollars at the Fixed Exchange Rate, the Conversion Price shall be adjusted on a one-time basis on the Reset Date in accordance with the following formula:

Adjusted Conversion Price = Reset Reference Price x (1 + CP)
x Fixed Exchange Rate/average of the daily Prevailing Rate for
the period of 15 consecutive Trading Days immediately prior to
and excluding the Reset Date

where “CP” means 15% expressed as a fraction.

Such adjusted Conversion Price shall be rounded upwards, if necessary, to the nearest Hong Kong cent, provided that:

- (i) any such adjustment to the Conversion Price shall be limited such that the adjusted Conversion Price in no event shall be less than 75% of the Conversion Price prevailing on the Issue Date (taking into account any adjustments as described in the Terms and Conditions which may have occurred prior to the Reset Date);
- (ii) subject to (i) above, the adjustment events set out in the Terms and Conditions shall apply, mutatis mutandis, to adjustments hereunder to ensure that appropriate adjustments shall be made to any Conversion Price to reflect any events set out in the Terms and Conditions;
- (iii) the Conversion Price shall not be reduced below the nominal value of the Shares unless under applicable law then in effect the Bonds could be exchanged at such reduced Conversion Price into legally issued, fully-paid and non-assessable Shares; and
- (iv) any such adjustment to the Conversion Price shall only be a downward adjustment.

Any such adjustments shall become effective as of the Reset Date and shall be notified to the Bondholders as soon as practicable thereafter.

Status

The Bonds will constitute direct, unsubordinated, unconditional and (subject to the Negative Pledge as described below) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves.

The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the Negative Pledge, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

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|---|--|
| Ranking of New Shares | The New Shares will be fully paid and rank <i>pari passu</i> and carry the same rights and privileges in all respects with the Shares then in issue on the date the name of the holder of record of the number of Shares issuable upon conversion is registered as such in the register of members of the Company. |
| Redemption at Maturity | Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company will redeem each Bond at 100% of its principal amount, together with accrued but unpaid interest thereon on the Maturity Date. |
| Redemption at the option of the Company | On giving not less than 30 nor more than 60 days' notice to the Bondholders and the Trustee (which notice will be irrevocable), the Company may at any time after 5 December 2019 and prior to the Maturity Date redeem all, but not some only, of the Bonds for the time being outstanding at their principal amount, together with interest accrued but unpaid to the date fixed for redemption, provided that the closing price of the Shares translated into US Dollars at the Prevailing Rate applicable to the relevant Trading Day, for 30 consecutive Trading Days prior to the date upon which notice of such redemption is published was at least 130% of the Conversion Price then in effect, translated into US Dollars at the Fixed Exchange Rate. |

On giving not less than 30 nor more than 60 days' notice to the Bondholders and the Trustee (which notice will be irrevocable), the Company may at any time redeem all, but not some only, of the Bonds for the time being outstanding of the principal amount together with interest accrued but unpaid to the date fixed for redemption **provided that** prior to the date of such notice at least 90% in principal amount of the Bonds (including any further Bonds issued under the Terms and Conditions) issued has already been converted, redeemed or purchased and cancelled.

Redemption at the option
of the Bondholders

The Company will, at the option of any Bondholder redeem all or some only of such holder's Bonds on 5 December 2019 at their principal amount, together with interest accrued but unpaid to the date fixed for redemption.

Redemption for Taxation
Reasons

At any time the Company may, having given not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders redeem all, but not some, of the Bonds at their principal amount together with interest accrued but unpaid to the date fixed for redemption, if (i) the Company has or will become obliged to pay additional tax amounts as provided or referred to in Condition 9 of the Terms and Conditions as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of the Subscription Agreement, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, **provided that** no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due.

Redemption for
Relevant Event

Following the occurrence of a Relevant Event, each Bondholder will have the right, at such Bondholder's option, to require the Company to redeem all or some only of such Bondholder's Bonds on the Relevant Event Put Date (as defined in the Terms and Conditions) at their principal amount, together with interest accrued but unpaid to such date (if any).

A "**Relevant Event**" occurs:

- (a) when the Shares cease to be listed or admitted to trading or are suspended for a period equal to or exceeding 21 consecutive Trading Days on The Hong Kong Stock Exchange or the Alternative Stock Exchange;
- (b) when there is a Change of Control; or
- (c) when less than 25% of the Company's total number of issued Shares are held by the public (as interpreted under LR8.24 of the Listing Rules).

Negative Pledge

So long as any of the Bonds remains outstanding, the Company undertakes that it will not, and will ensure that none of its Subsidiaries will, create or permit to subsist or arise or have outstanding any Security Interest upon the whole or any part of their respective present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness without, at the same time or prior thereto according to the Bonds the same Security Interest as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably or such other Security Interest as either (i) the Trustee in its absolute discretion shall deem not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an extraordinary resolution of the Bondholders.

Listing An application will be made for the listing of the Bonds on the Hong Kong Stock Exchange. Listing of, and permission to deal in, the New Shares on the Hong Kong Stock Exchange will also be sought.

The Bonds will be traded on the Hong Kong Stock Exchange in a minimum board lot size of U.S.\$200,000 for so long as the Bonds are listed on the Hong Kong Stock Exchange.

Clearing Systems Euroclear and Clearstream.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF THE CONVERSION

Assuming full conversion of the Bonds at the initial Conversion Price of HK\$5.35 per Share, the Bonds will be convertible into approximately 188,470,841 Shares, representing approximately 11.58% of the issued share capital of the Company as at the date of this announcement and approximately 10.38% of the issued share capital of the Company as enlarged by the issue of the New Shares. The New Shares to be issued upon conversion of the Bonds will rank *pari passu* and carry the same rights and privileges in all respects with the Shares then in issue on the relevant conversion date.

The following table summarises the potential effects on the shareholding structure of the Company as a result of the Bond Issue (assuming full conversion of the Bonds):

| Shareholder | Existing (as at the date of this announcement) | | Assuming the Bonds are fully converted into New Shares at the initial Conversion Price of HK\$5.35 each | |
|------------------------------------|--|--|---|--|
| | No. of Shares | % of issued share capital of the Company | No. of Shares | % of issued share capital of the Company |
| Heren Far East Limited | 1,006,250,000 | 61.85% | 1,006,250,000 | 55.43% |
| (a) Heren Far East #3 Limited | 1,006,250,000 | 61.85% | 1,006,250,000 | 55.43% |
| (a) Heren Far East #4 Limited | 1,006,250,000 | 61.85% | 1,006,250,000 | 55.43% |
| (b) Nautilus Trustees Asia Limited | 1,006,250,000 | 61.85% | 1,006,250,000 | 55.43% |
| Public | 620,625,000 | 38.15% | 620,625,000 | 34.19% |
| Bondholders | – | – | 188,470,841 | 10.38% |
| Total | <u>1,626,875,000</u> | <u>100.00%</u> | <u>1,815,345,841</u> | <u>100.00%</u> |

- (a) Heren Far East #3 Limited and Heren Far East #4 Limited, along with Heren Far East #2 Limited (with a minority interest in the issued share capital of Heren Far East Limited), are in aggregate interested in the entire issued share capital of Heren Far East Limited and is deemed or taken to be interested in the 1,006,250,000 shares of the Company beneficially owned by Heren Far East Limited for the purposes of Part XV of the SFO.
- (b) Nautilus Trustees Asia Limited is interested in the entire issued share capital of each of Heren Far East #2 Limited, Heren Far East #3 Limited and Heren Far East #4 Limited (which are in aggregate interested in the entire issued share capital of Heren Far East Limited) and is deemed to be interested in the 1,006,250,000 shares of the Company for the purposes of Part XV of the SFO.
- (c) The table assumes that no Shares will be issued from the date of this announcement to before the full conversion of the Bonds, and that the shareholding structure of the Company also remains the same during that period.
- (d) As at the date of this announcement, the Company has no outstanding share options.
- (e) As at the date of this announcement, the Directors have no holdings in share options to subscribe for any Shares.

USE OF PROCEEDS

Assuming the of Bonds are issued in full, the gross proceeds from the Bond Issue will be U.S.\$130,000,000 and the estimated net proceeds from the Bond Issue, after deduction of commission and expenses, amount to approximately U.S.\$126,000,000.

The Company intends to use the net proceeds for the the repayment of existing loans and other general corporate purposes, including research and development.

REASONS FOR THE BOND ISSUE

The Directors are of the view that the issue of the Bonds can provide the Company with additional funds at lower funding cost for the repayment of existing loans and other general corporate purposes, including research and development. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement are made on normal commercial terms and are fair and reasonable as far as the Shareholders are concerned, and the execution of Bond Issue is in the interests of the Company and the Shareholders as a whole.

GENERAL MANDATE FOR THE BOND ISSUE

At the annual general meeting of the Company held on 3 June 2016, an ordinary resolution was passed to grant a general and unconditional mandate to the Directors to allot, issue and deal with additional Shares up to a limit of 20% of the aggregate nominal amount of the issued share capital of the Company as at 3 June 2016, which amounted to 325,375,000 Shares. The Directors have not exercised the power to allot and issue any new Shares pursuant to the general mandate granted. The New Shares will be issued under such general mandate. The issue of the Bonds and the issue of the New Shares are not subject to the approval of the Shareholders.

EQUITY FUND RAISING ACTIVITY BY THE COMPANY IN THE LAST 12 MONTHS

The Company has not carried out any equity fund raising activities in the 12 month period immediately before the date of this announcement.

APPLICATION FOR LISTING

An application will be made for the listing of the Bonds on the Hong Kong Stock Exchange. Listing of, and permission to deal in, the New Shares on the Hong Kong Stock Exchange will also be sought.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed “THE SUBSCRIPTION AGREEMENT” above for further information.

WARNING: As the Subscription Agreement may or may not complete, the Bonds may or may not be issued or listed and/or the New Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

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| “Agency Agreement” | the paying, conversion and transfer agency agreement to be entered into between the Company, the Trustee and the agents named therein |
| “Alternative Stock Exchange” | at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in |

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| “Board” | the board of Directors |
| “Bondholder(s)” | holder(s) of the Bonds from time to time |
| “Bonds” | U.S.\$130,000,000 in principal amount of the convertible bonds to be issued by the Company |
| “Bond Issue” | the subscription and issue of the Bonds pursuant to the Subscription Agreement |
| “Change of Control” | occurs when: <ul style="list-style-type: none"> (a) the Controlling Shareholder ceases to directly or indirectly Control the Company; or (b) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other person or persons, acting together except where such person(s) is Controlled by the Controlling Shareholders |
| “Clearstream” | Clearstream Banking S.A. |
| “Closing Date” | 5 December 2016 or such other date as the Company and the Lead Manager may agree |
| “Company” | The United Laboratories International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the Hong Kong Stock Exchange |

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| “connected person” | has the meaning ascribed to that term in the Listing Rules and “connected persons” shall be construed accordingly |
| “Control” | (i) the ownership or control of more than 40% of the voting rights of the issued share capital of a person; (ii) the right to nominate or designate the majority of the members of the Board or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; or (iii) the possession, directly or indirectly, of the power to direct or cause the direct of the management policies of a person. For the avoidance of doubt, a person is deemed to control another person so long as it fulfils one of the three foregoing requirements |
| “Controlling Shareholder” | (i) Mr. Tsoi Hoi Shan, Ms. Choy Siu Chit and Ms. Ning Kwai Chun; (ii) any heir, estate, lineal descendent (or spouse thereof), spouse or parent of Mr. Tsoi Hoi Shan, Ms. Choy Siu Chit and Ms. Ning Kwai Chun; and (iii) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners, owners or persons are Mr. Tsoi Hoi Shan, Ms. Choy Siu Chit and Ms. Ning Kwai Chun and/or such other persons referred to in paragraph (ii) above of this definition |
| “Conversion Price” | HK\$5.35 per Share initially, being the price at which the Shares will be issued upon conversion, subject to adjustments in accordance with the Terms and Conditions. |
| “Director(s)” | the directors of the Company |
| “Euroclear” | Euroclear Bank S.A./N.V. |

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| “Group” | the Company and its subsidiaries |
| “HK\$” or “Hong Kong Dollar(s)” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Lead Manager” | Credit Suisse (Hong Kong) Limited |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange |
| “Lock-up Shares” | In respect of Heren Far East Limited, 1,006,250,000 Shares representing 61.85% of the existing issued share capital of the Company held directly or indirectly |
| “Maturity Date” | 5 December 2021 |
| “New Shares” | the Shares to be issued upon conversion of the Bonds |
| “Offering Circular” | the offering circular to be dated on or about 30 November 2016 for use in connection with the offering of the Bonds and the listing of the Bonds on the Hong Kong Stock Exchange |
| “Regulation S” | Regulation S under the US Securities Act |

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| “Relevant Indebtedness” | any future or present indebtedness in the form of or represented or evidenced of by debentures, loan stock, bonds, notes, bearer participation certificates, depository receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange or over-the-counter or other securities market (whether or not initially distributed by way of private placement) |
| “Security Interest” | any mortgage, charge, lien, pledge or other security interest |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholders” | the holders of the Shares |
| “SLA” | the stock lending agreement entered into between Heren Far East Limited, CSSEL and CSAGHK on 21 November 2016 |
| “Stabilising Manager” | the Lead Manager or any person acting on its behalf |
| “Subscription Agreement” | the subscription agreement entered into between the Company and the Lead Manager on 21 November 2016 in relation to the Bond Issue |

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| “subsidiary” | in relation to any person, (i) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or (ii) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles from time to time of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person |
| “Stock Exchange Business Day” | any day (other than a Saturday or a Sunday) on which the Hong Kong Stock Exchange or the Alternative Stock Exchange, as the case may be, is open for the business of dealing in securities |
| “Terms and Conditions” | Terms and Conditions of the Bonds |
| “Trading Days” | a day when the Hong Kong Stock Exchange or, as the case may be, an Alternative Stock Exchange is open for dealing business, provided that if no closing price for the Shares is reported for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing days |
| “Trustee” | The Bank of New York Mellon, London Branch |
| “Trust Deed” | the trust deed to be entered into between the Company and the Trustee |
| “US” or “United States” | the United States of America, its territories and possessions |
| “US Securities Act” | the US Securities Act of 1933, as amended |

“U.S.\$” or “US Dollar(s)” US dollar(s), the lawful currency of the US

“%” per cent.

By order of the Board of
The United Laboratories International Holdings Limited
Leung Wing Hon
Company Secretary

Hong Kong, 21 November 2016

As at the date of this announcement, the Board comprises Mr. Tsoi Hoi Shan, Mr. Leung Wing Hon, Ms. Choy Siu Chit, Mr. Fang Yu Ping, Ms. Zou Xian Hong and Ms. Zhu Su Yan as executive directors; and Mr. Chong Peng Oon, Mr. Huang Bao Guang, Prof. Song Ming and Ms. Fu Xiao Nan as independent non-executive directors.