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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)

SUPPLEMENTAL ANNOUNCEMENT UPDATES ON DISCLOSEABLE TRANSACTION INVESTMENT AND COOPERATION AGREEMENT INVOLVING UNITED LABORATORIES (CHENGDU) LIMITED

Reference is made to the announcement dated 9 August 2019 and the supplemental announcement dated 14 August 2019 of The United Laboratories International Holdings Limited (the “**Company**”) in relation to the Capital Injection and Share Transfer pursuant to the Investment and Cooperation Agreement (the “**Announcements**”) and the Company’s annual report for the year ended 31 December 2021 (the “**Annual Report**”). Unless otherwise defined in this announcement, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements and the Annual Report.

The Company would like to provide the following updates on matters relating to the Capital Injection and Share Transfer.

PAYMENTS OF CONSIDERATION INSTALMENTS AND THE OUTSTANDING PAYMENT FROM EVERGRANDE (CHENGDU)

As disclosed in the Announcements, the consideration of the Transaction shall be payable by instalments pursuant to the Investment and Cooperation Agreement. Notwithstanding the delays of Evergrande (Chengdu) in paying consideration instalments in the manner as required under the Investment and Cooperation Agreement given its deteriorating financial position, the Company had received payments of the consideration instalments of the Transaction in a total amount of approximately RMB606.8 million together with default interest of RMB7.1 million, being settlement of the first, third, fourth and fifth consideration instalments, while the second instalment was cancelled and deducted from the total consideration as the necessary consents and approvals for the adjustment of plot ratio of the Land was not obtained within the specified period as set out in the Investment and Cooperation Agreement.

As at the date of this announcement, the sixth instalment of RMB71.5 million, the seventh instalment of RMB100 million and the eighth instalment of RMB171.5 million (which shall be settled by way of United Laboratories (Chengdu) transferring certain commercial properties on the Land to United Laboratories (Hong Kong)) remained outstanding (the “**Outstanding Consideration Receivables**”).

COMPLETION OF THE SHARE TRANSFER

As disclosed in the Announcements, the Share Transfer shall be conditional upon payment of the first to fifth installments by Evergrande (Chengdu). In early December 2020, the Group had been informed by Evergrande (Chengdu) that it would only be able to obtain certain bank facility from a commercial bank in the PRC for the payment of the fifth consideration instalment, if it was to hold the entire equity interest of United Laboratories (Chengdu).

On 24 December 2020, to facilitate the payment of the fifth instalment, United Laboratories (Hong Kong) and Evergrande (Chengdu) entered into a supplemental agreement to the Investment and Cooperation Agreement (the “**Supplemental Agreement**”) to agree upon the arrangements for completion of the Share Transfer in return of the issue of commercial bills to United Laboratories (Hong Kong) as security for the payment of the fifth instalment. It has also been agreed in the Supplemental Agreement that Evergrande (Chengdu) shall pay the fifth instalment to United Laboratories (Hong Kong) in cash within seven business days after obtaining the required bank facility. In accordance with the Supplemental Agreement, Evergrande (Chengdu) issued five commercial bills in total amount of RMB244.11 million to United Laboratories (Hong Kong) on 24 December 2020, and subsequently made cash payments in five instalments in total amount of RMB213.9 million to United Laboratories (Hong Kong) from March to May 2021, upon which the commercial bills were returned to Evergrande (Chengdu). The final amount of the fifth instalment was adjusted to RMB213.9 million from the amount of RMB237 million as agreed in the Investment and Cooperation Agreement, after taking into account of (i) deduction of RMB30.2 million from the fifth instalment of the consideration as the actual saleable gross floor area of the Land was lower than that as agreed by the parties in the Investment and Cooperation Agreement, and (ii) additional payment from Evergrande (Chengdu) of approximately RMB7.1 million as default interest for late payment of the fifth instalment. Accordingly, all the payments required prior to the Share Transfer (being the first to fifth installments pursuant to the Investment and Cooperation Agreement) had been received, and the Share Transfer was completed on 25 December 2020.

As set out in the Announcements, the Transaction comprised both the Capital Injection and the Share Transfer, being a series of transaction for the disposal of 100% equity interest of United Laboratories (Chengdu) to Evergrande (Chengdu). As disclosed in note 10 to the consolidated financial statements of the Company as set out in the Annual Report, the Directors considered the Group has lost the control and significant influence over United Laboratories (Chengdu) for its remaining 33% equity interest after the Capital Injection. Since completion of the Capital Injection and before the Share Transfer, the entire equity interest in United Laboratories (Chengdu) was considered as fully disposed of for accounting purpose although the Group retained 33% equity interest therein, and the financial information of United Laboratories (Chengdu) has been excluded for the preparation of the Group’s consolidated financial statements since the date of the Investment and Cooperation Agreement in accordance with the applicable accounting principles.

LEGAL ACTION AGAINST EVERGRANDE (CHENGDU)

The Group has been exploring and considering the possible action(s) against Evergrande (Chengdu) to recover the Outstanding Consideration Receivables. The Group applied for the commencement of an action against, among others, Evergrande (Chengdu) on 7 March 2022 in the Guangzhou Intermediate People’s Court for recovery of the Outstanding Consideration Receivables and relevant damages and received a notice of acceptance on 14 March 2022 (the “**Action**”). Due to the large number of actions against China Evergrande Group commenced in the Guangzhou Intermediate People’s Court, the Action will be handled by the Chengdu Intermediate People’s Court. The Company will make further announcement(s) on the progress of the Action as and when appropriate.

By Order of the Board
The United Laboratories International Holdings Limited
Tsoi Hoi Shan
Chairman

Hong Kong, 9 November 2022

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, Prof. Song Ming and Ms. Fu Xiao Nan as independent non-executive directors.