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Cathay International Holdings Ld - CTI Notification of class 2 transaction
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Cathay International Holdings Limited

("Cathay", the "Company" and, together with its subsidiaries, the "Group")

Notification of class 2 transaction

Lansen's partial disposal of shares in Starry

Hong Kong, 15 March 2017, Cathay International Holdings Ltd. (LSE: CTI.L) is a leading operator and investor in the growing healthcare sector in the People's Republic of China. Reference is made to the announcement on 9 March 2017 of the share reduction plan of Lansen Pharmaceutical Holdings Ltd ("Lansen") (HKEX: 503), the Company's 50.56% owned subsidiary, in relation to its holding in the shares of Zheijang Starry Pharmaceutical Co., Ltd. ("Starry").

The Company announces that Lansen has announced today that Lansen Investments (Hong Kong) Limited ("Lansen HK") and Full Keen Limited ("Full Keen"), (Lansen HK and Full Keen, together, the "Sellers") have disposed (the "Disposal") of a total of 4,175,000 shares in Starry (the "Starry Shares") via on-market block trade sales on the Shanghai Stock Exchange (the "Lansen Announcement"). The Sellers are both indirect, wholly owned subsidiaries of Lansen. The full text of the Lansen Announcement can be found at <http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0315/LTN20170315640.pdf> and will also be made available at the Announcements & Notices section of Lansen's homepage at <http://www.lansen.com.cn/En/Announcements&Notices.asp>.

Immediately prior to the date of this announcement and prior to the Disposal, Lansen, via the Sellers, owned an aggregate of 19,350,000 Starry Shares, representing 16.125% of Starry's issued share capital. Lansen's investment in Starry was made in November 2010.

Starry is a company incorporated under the laws of the People's Republic of China. Starry specialises in the research and development, manufacture, marketing and sales of bulk pharmaceuticals and intermediates. One of the core products of Starry is iohexol for XCT non-ionic contrast agents. Starry is the largest iohexol manufacturer in the PRC and is experienced in the production management and quality control of bulk pharmaceuticals.

Starry was listed on the Shanghai Stock Exchange on 9 March 2016 (stock code 603520). For more details please visit <http://www.starrypharm.com/en/index.aspx>.

The total consideration for the Disposal to Lansen was USD26.04 million (RMB179.98 million); and after deduction of related tax, the net proceeds of USD23.97 million (RMB165.70 million) to Lansen will be received in cash by the Sellers. The net gain on the Disposal attributable to Cathay will be USD8.60 million (RMB59.45 million).

In the audited accounts for the year ended 31 December 2015, prepared in accordance with the PRC generally accepted accounting principles, Starry reported a profit before tax of RMB93.37 million (USD13.51 million). The unaudited accounts of Starry as at 30 June 2016, prepared in accordance with the PRC generally accepted accounting principles, reported gross assets of RMB1,816.95 million (USD262.89 million) and net assets of RMB799.33 million (USD115.65 million).

The Disposal realises a partial gain on the investment in Starry and has a positive impact on the financial positions in both the Cathay group as well as Lansen. The net proceeds from the Disposal will be used by Lansen for general working capital.

As a result of the Disposal, the Group's holding (Lansen and the Sellers) in Starry has reduced from 16.125% to 12.646%. The Company's attributable interest in Starry has therefore reduced from 8.153% to 6.394%.

The Disposal described above constitutes a class 2 transaction for Cathay for the purposes of the Financial Conduct Authority's Listing Rules.

This announcement contains inside information.

Where amounts in USD are shown in brackets after RMB amounts or where a USD equivalent of an amount in RMB is stated, an exchange rate of RMB6.9115: USD1 has been used.

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About Cathay

Cathay has a premium listing on the London Stock Exchange. The Company is an investment holding company and a leading operator and investor in the growing healthcare sector in the People's Republic of China (the "PRC"). The Company and its subsidiaries (collectively the "Group") aim to leverage on growth opportunities in the strong and growing domestic demand for high quality healthcare products in the PRC and build its portfolio companies into market sector leaders with competitive edge. Cathay has already demonstrated a strong track record of identifying high-growth potential investment opportunities in this area including: Lansen, a leading specialty pharmaceutical company focused on rheumatology and dermatology in the PRC; Haizi, a company engaged in the manufacture, marketing and sale of inositol and its by-product, di-calcium phosphate; Yangling, a company engaged in production and sales of plant

extracts for use as key active ingredients in healthcare products; and Botai, a company engaged in collagen products.

The Group employs approximately 2,000 people across the PRC, including over 30 specialist corporate and business development staff based at the holding company's offices in Hong Kong and Shenzhen. Cathay also has a hotel investment. For more information please visit the Company's website: www.cathay-intl.com.hk.

About Lansen

Lansen, whose shares are listed on the Main Board of the Hong Kong Stock Exchange, is a 50.56% owned subsidiary of Cathay. Lansen is engaged in the manufacture, distribution and development of specialty prescription drugs for treatment of autoimmune disorder in rheumatology and dermatology. Lansen is in the leading market position in disease modifying anti-rheumatic drugs ("DMARDs") for treatment of rheumatoid arthritis ("RA") in the PRC. Lansen has established an extensive distribution network, covering more than 1,000 hospitals in four municipalities, 25 provinces and cities in the PRC. For more information please visit Lansen's website: <http://www.lansen.com.cn/En/index.asp>.

About Starry

Starry, whose shares are listed on the Shanghai Stock Exchange (stock code 603520), is 16.1% owned by Lansen. Starry is specialised in the research and development, manufacture, marketing and sales of bulk pharmaceuticals and intermediates. One of the core products of Starry is iohexol for X-CT non-ionic contrast agents. Starry is the largest iohexol manufacturer in the PRC and is experienced in the production management and quality control of bulk pharmaceuticals. For more information please visit Starry's website: <http://www.starrypharm.com/en/index.aspx>.

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