



**HUA XIA HEALTHCARE HOLDINGS LIMITED**

**華夏醫療集團有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8143)**

## **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2015**

### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement for which the directors (the “directors”) of Hua Xia Healthcare Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

\* For identification purpose only

## **HIGHLIGHTS**

- The Group has recorded total turnover of approximately HK\$1,170.025 million for the nine months ended 31 December 2015 as compared to a total turnover of approximately HK\$1,401.286 million recorded in the corresponding period in year 2014, representing a decrease of about 16.50%.
- Loss attributable to owners of the Company for the nine months ended 31 December 2015 was approximately HK\$20.701 million (2014: approximately HK\$498.418 million).
- Loss attributable to owners of the Company for the three months ended 31 December 2015 was approximately HK\$6.794 million (2014: approximately HK\$1.057 million).
- The basic and diluted loss per share for the nine months ended 31 December 2015 were approximately HK1.159 cents and HK1.153 cents respectively (2014: basic and diluted earnings per share approximately HK28.319 cents and HK28.313 cents respectively).
- The directors do not recommend the payment of a dividend (2014: Nil).

## THIRD QUARTERLY RESULTS

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months and nine months ended 31 December 2015, together with the unaudited comparative figures for the corresponding periods in 2014 as follows:

### Condensed Consolidated Statement of Comprehensive Income

For the three months and nine months ended 31 December 2015

	Notes	Three months ended		Nine months ended	
		31 December		31 December	
		2015	2014	2015	2014
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Turnover</b>	3	<b>372,610</b>	475,942	<b>1,170,025</b>	1,401,286
Cost of sales		<b>(310,108)</b>	(396,123)	<b>(981,648)</b>	(1,204,768)
<b>Gross profit</b>		<b>62,502</b>	79,819	<b>188,377</b>	196,518
Other revenue and income		<b>1,287</b>	5,172	<b>5,634</b>	13,146
Selling and distribution expenses		<b>(46,709)</b>	(52,059)	<b>(131,250)</b>	(111,159)
Administrative expenses		<b>(21,354)</b>	(26,095)	<b>(69,127)</b>	(72,636)
Impairment loss on Goodwill		<b>–</b>	–	<b>–</b>	(785,483)
<b>Profit/(loss) from operations</b>		<b>(4,274)</b>	6,837	<b>(6,366)</b>	(759,614)
Finance costs		<b>(4,809)</b>	(2,857)	<b>(13,832)</b>	(8,225)
<b>Profit/(loss) before taxation</b>		<b>(9,083)</b>	3,980	<b>(20,198)</b>	(767,839)
Taxation	4	<b>(1,328)</b>	(2,319)	<b>(3,870)</b>	(9,571)
<b>Profit/(loss) for the period</b>		<b>(10,411)</b>	1,661	<b>(24,068)</b>	(777,410)
<b>Other comprehensive income, net of tax:</b>					
Exchange differences arising on translating foreign operations		<b>1,052</b>	714	<b>(13,164)</b>	1,326
<b>Total comprehensive income/(loss) for the period</b>		<b>(9,359)</b>	2,375	<b>(37,232)</b>	(776,084)

## Condensed Consolidated Statement of Comprehensive Income

For the three months and nine months ended 31 December 2015

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Profit/(loss) for the period</b>					
<b>attributable to:</b>					
Owners of the Company		(6,794)	(1,057)	(20,701)	(498,418)
Non-controlling interests		(3,617)	2,718	(3,367)	(278,992)
		<u>(10,411)</u>	<u>1,661</u>	<u>(24,068)</u>	<u>(777,410)</u>
<b>Total comprehensive income/(loss)</b>					
<b>attributable to:</b>					
Owners of the Company		(13,515)	587	(33,744)	(496,398)
Non-controlling interests		4,156	1,788	(3,488)	(279,686)
		<u>(9,359)</u>	<u>2,375</u>	<u>(37,232)</u>	<u>(776,084)</u>
<b>Dividends</b>	5	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Loss per share attributable to</b>					
<b>the owners of the Company</b>					
- Basic (cents)	6	<u>(0.378)</u>	<u>(0.060)</u>	<u>(1.159)</u>	<u>(28.319)</u>
- Diluted (cents)		<u>(0.373)</u>	<u>(0.060)</u>	<u>(1.153)</u>	<u>(28.313)</u>

# Unaudited Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2015

	Attributable to owners of the Company												Total equity HK\$'000
	Share capital HK\$'000 (Note (a))	Share premium HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000 (Note (b))	Special reserve HK\$'000	Translation reserve HK\$'000	Share-based payment reserve HK\$'000	Convertible note reserve HK\$'000	Statutory surplus reserve HK\$'000 (Note (c))	Retained earnings/ (accumulated losses) HK\$'000	Sub-total HK\$'000	Non-controlling interest HK\$'000	
At 1 April 2014 (audited)	17,562	316,969	295,610	(97,455)	(6,735)	32,789	15,645	2,537	37,079	110,252	724,253	426,170	1,150,423
Loss for the period	-	-	-	-	-	-	-	-	-	(498,418)	(498,418)	(278,992)	(777,410)
Exchange difference on transaction of foreign operations	-	-	-	-	-	2,020	-	-	-	-	2,020	(694)	1,326
Total comprehensive Income/(loss) for the period	-	-	-	-	-	2,020	-	-	-	(498,418)	(496,398)	(279,686)	(776,084)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	3,542	(3,542)	-	-	-
Exercise of share options	39	1,969	-	-	-	-	(58)	-	-	-	1,950	-	1,950
Increase in non-controlling interests resulting from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	9,944	9,944
At 31 December 2014 (unaudited)	<u>17,601</u>	<u>318,938</u>	<u>295,610</u>	<u>(97,455)</u>	<u>(6,735)</u>	<u>34,809</u>	<u>15,587</u>	<u>2,537</u>	<u>40,621</u>	<u>(391,708)</u>	<u>229,805</u>	<u>156,428</u>	<u>386,233</u>
	Attributable to owners of the Company												
	Share capital HK\$'000 (Note (a))	Share premium HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000 (Note (b))	Special reserve HK\$'000	Translation reserve HK\$'000	Share-based payment reserve HK\$'000	Convertible note reserve HK\$'000	Statutory surplus reserve HK\$'000 (Note (c))	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interest HK\$'000	Total equity HK\$'000
At 1 April 2015 (audited)	17,601	318,938	295,610	(97,455)	(6,735)	33,977	188	2,537	40,648	(383,499)	221,810	159,688	381,498
Loss for the period	-	-	-	-	-	-	-	-	-	(20,701)	(20,701)	(3,367)	(24,068)
Exchange difference on transaction of foreign operations	-	-	-	-	-	(13,043)	-	-	-	-	(13,043)	(121)	(13,164)
Total comprehensive loss for the period	-	-	-	-	-	(13,043)	-	-	-	(20,701)	(33,744)	(3,488)	(37,232)
Issue of convertible notes	-	-	-	-	-	-	-	9,866	-	-	9,866	-	9,866
Issue of share options	-	-	-	-	-	-	9,427	-	-	-	9,427	-	9,427
Exercise of share options	377	32,710	-	-	-	-	(8,255)	-	-	-	24,832	-	24,832
Capital contributed by non-controlling interests	-	-	-	(1,882)	-	-	-	-	-	-	(1,882)	6,477	4,595
At 31 December 2015 (unaudited)	<u>17,978</u>	<u>351,648</u>	<u>295,610</u>	<u>(99,337)</u>	<u>(6,735)</u>	<u>20,934</u>	<u>1,360</u>	<u>12,403</u>	<u>40,648</u>	<u>(404,200)</u>	<u>230,309</u>	<u>162,677</u>	<u>392,986</u>

*Notes:*

- (a) As at 31 December 2015, the total issued share capital of the Company was approximately HK\$17.978 million (31 March 2015: approximately HK\$17.601 million) divided into 1,699,249,944 ordinary shares and 98,500,000 non-voting convertible preference shares (31 March 2015: 1,661,589,944 ordinary shares and 98,500,000 non-voting convertible preference shares) of HK\$0.01 each (31 March 2015: HK\$0.01 each).
- (b) The decrease in other reserve amounting to approximately HK\$1,882,000 of the Group arose on a deemed disposal of interest of a non-wholly owned subsidiary of Wanjia Group Holdings Limited (“**Wanjia Group**”), a non-wholly owned subsidiary of the Company.
- (c) As stipulated by the relevant People’s Republic of China (“**PRC**”) laws and regulations, the subsidiaries of the Company established in the PRC shall set aside 10% of its profit after taxation for the statutory surplus reserve fund (except where the reserve balance has reached 50% of the subsidiaries’ paid-up capital). The reserve fund can only be used, upon approval by the Board and by the relevant authority, to offset accumulated losses or increase capital.

# NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

*For the three months and nine months ended 31 December 2015*

## 1. Corporate Information

The Company was incorporated in the Cayman Islands on 28 May 2001 as an exempted company with limited liability. The shares of the Company are listed on the GEM of The Stock Exchange. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681 GT George Town, Grand Cayman, KY1-1111, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is located at 19/F, New Wing, 101 King's Road, Hong Kong.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company, and the functional currency of most of its subsidiaries is Renminbi (“**RMB**”). The Directors considered that it is more appropriate to present the condensed consolidated financial statements in HK\$ as the shares of the Company are listed on the GEM board of the Stock Exchange. The unaudited condensed consolidated financial statements are presented in thousands of units of HK\$ (HK\$'000), unless otherwise stated.

The Company acts as an investment holding company while its subsidiaries are principally engaged in the provision of general hospital services and pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses in the PRC.

## 2. Basis of preparation and principal accounting policies

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2015 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which is a collective term that includes all applicable HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (the “**Interpretations**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the GEM Listing Rules of the Stock Exchange (the “**GEM Listing Rules**”). The unaudited condensed consolidated financial results have been prepared under the historical cost convention except for certain financial assets and investment properties that are measured at fair value. Historical cost is generally based on the fair value of the consideration of given in exchange of assets.

The accounting policies adopted in preparing the unaudited condensed consolidated financial results for the nine months ended 31 December 2015 are consistent with those used in the preparation of the annual financial statements for the year ended 31 March 2015 (the “**2014/15 Financial Statements**”), except for the new and revised standards, amendments and interpretations of HKFRSs (“**new and revised HKFRSs**”) issued by HKICPA which have become effective in this period as detailed in notes to the 2014/15 Financial Statements. The directors of the Company believe that the application of these new and revised HKFRSs has no material impact on the amounts reported and disclosures set out in these unaudited condensed consolidated financial results.

### 3. Turnover

Turnover represents the aggregate of net amounts received and receivable from third parties in connection with the pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses and provision of general hospital services during the period.

	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Turnover</b>				
Pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses	<b>309,556</b>	407,486	<b>976,758</b>	1,249,240
Provision of general hospital services	<b>63,054</b>	68,456	<b>193,267</b>	152,046
	<b>372,610</b>	475,942	<b>1,170,025</b>	1,401,286

### 4. Taxation

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profits derived from Hong Kong's operations during the period (2014: Nil).

Corporate income tax of approximately 25% has been provided for the profit generated from the pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses and provision of general hospital services in the PRC (2014: approximately 25%).

### 5. Dividends

The directors do not recommend the payment of dividend for the nine months ended 31 December 2015 (2014: nil).

### 6. Loss per share

The calculation of basic loss per share for the three months ended 31 December 2015 was based on the loss attributable to owners of the Company of approximately HK\$6.794 million (2014: approximately HK\$1.057 million) and on the weighted average number of ordinary share of approximately 1,797,496,757 shares (2014: 1,760,089,944 shares).



The calculation of basic loss per share for the nine months ended 31 December 2015 was based on the net loss attributable to owners of the Company of approximately HK\$20.701 million (2014: approximately HK\$498.418 million) and on the weighted average number of ordinary shares of approximately 1,786,073,726 shares (2014: 1,760,019,035 shares).

Diluted loss per share was calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the three months and nine months ended 31 December 2015, the Company had a category of dilutive potential ordinary shares: share options. For the three months and nine months ended 31 December 2015 and 2014, the calculation of diluted earnings per share did not assumed the exercise of the convertible note existed at 31 December 2015 and 2014 as the exercise of the convertible note would increase earnings per share, therefore anti-dilutive.

For the share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding shares options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	<b>Three months ended 31 December 2015 HK\$'000 (Unaudited)</b>	<b>Nine months ended 31 December 2015 HK\$'000 (Unaudited)</b>
Loss attributable to owners of the Company		
– Loss for the purpose of diluted earnings per share	<u>(6,794)</u>	<u>(20,701)</u>
Weighted average number of ordinary shares in issue	<u>1,797,496,757</u>	<u>1,786,073,726</u>
Adjustments for assumed exercise of share options	<u>22,775,192</u>	<u>9,896,383</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u><u>1,820,271,949</u></u>	<u><u>1,795,970,109</u></u>
	<b>Three months ended 31 December 2015</b>	<b>Nine months ended 31 December 2015</b>
Diluted loss per share	<u><u>HK(0.373) cents</u></u>	<u><u>HK(1.153) cents</u></u>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review

For the nine months ended 31 December 2015 (the “**period under review**”), the Group recorded a turnover on business operations of approximately HK\$1,170.025 million (2014: approximately HK\$1,401.286 million), representing a decrease of 16.50% compared to the same period last year. The decrease in turnover was mainly attributable to the decrease in revenue generated from the pharmaceutical wholesale, distribution and pharmaceutical retail chain business in the PRC.

Selling and distribution expenses for the period under review amounted to approximately HK\$131.250 million (2014: approximately HK\$111.159 million), a 18.07% increase. More selling and distribution expenses incurred mainly due to the increase in both salaries and rental expenses during the period under review compared to the corresponding period in year 2014.

Administrative expenses amounted to approximately HK\$69.127 million (2014: approximately HK\$72.636 million), slightly decreased by approximately 4.83%.

The Group recorded a loss attributable to owners of the Company of approximately HK\$20.701 million for the period under review (2014: approximately HK\$498.418 million), included in the loss from operations for last corresponding period was mainly related to the one-off impairment loss on goodwill of approximately HK\$785.483 million recognised by our non-wholly owned subsidiary – Wanjia Group. The loss attributable to owners of the Company for the three months ended 31 December 2015 was HK\$6.794 million (2014: loss attributable to owners approximately HK\$1.057 million), representing an increase as compared to the same period last year.

## Business Review and Outlook

### *General hospital services*

During the nine months ended 31 December 2015, and after the Zhuhai Jiulong Hospital acquisition was completed on 4 September 2014, the Group operates three general hospitals in Chongqing, Jiaying and Zhuhai, principally engaged in the provision of general hospital services including but not limited to medical wards, surgical wards, cosmetic surgery, dermatology and medical checkup and examination. The total turnover contributed by these general hospitals for the nine months ended 31 December 2015 was approximately HK\$193.267 million (2014: approximately HK\$152.046 million), increased by approximately 27.11%

## ***Pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses***

The Group engages in the wholesale, distribution of a broad range of pharmaceutical products to hospitals, clinics and pharmacies in Fujian Province, the PRC. The Group also operate a chain of retail pharmacies located in six prefectural-level districts in Fujian Province in the PRC under the brand name “Huihao Sihai”. The Group’s pharmaceutical retail chain operation has maintained the leading position in both retail drug store numbers and comprehensive competitiveness within Fujian Province. The Group continues to allocate resources to look for business opportunities to expand the pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses. The turnover contributed by the pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses for the period under review was approximately HK\$976.758 million (2014: approximately HK\$1,249.240 million), decreased by approximately 21.81%.

## ***Future Prospects***

The 13th Five Year Plan has officially begun with great promises for the healthcare industry in China. The goals of the five year plan for the healthcare are ambitious in terms of setting up the detailed hospital and medical care targets supported by the clearly defined financial objectives. As a result, the plan demands more investments in healthcare in China in accordance with the economic targets of the country by the end of 2020, and there are clearly more demand for quality services and diversified care models to fight the fast increasing health issues affecting the citizens of all ages and lifestyles. As such, the management foresees more opportunities to expand our services through the general and specialized medical models, and is confident that the Group is well poised to take advantage of the favorable situations in the country. Therefore, the Group’s hospitals will continue to improve the quality of services and introduce the new medical technologies in the present market. At the same time, the Group continues to explore the development opportunities for the existing and future hospitals. The Group will continue to identify projects that involve the public and private partnerships. Those projects will further open up the healthcare market for the Group in different regions. This will increase our service coverage, medical specialties and more importantly attract more talents to join our hospitals. For the years ahead, we will continue to explore the private hospital market for more cooperation.

2016 poses both opportunities and challenges to the Group. This special time not only sets up the path for the Company to further explore the potential in PRC but also will witness the noticeable outcomes of the Company’s branding, representing quality, accessibility and credibility in the local markets. The demand for excellent healthcare services will also result in tangible economic results for those who have long invested in the services, education, quality and trust. At the same time, the Group will allocate more resources to partner with international healthcare education institutions and management experts to further strengthen our capabilities and positions in this fast growing market.

# DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

## Disclosure of Interests

### (a) *Directors' interests and short positions in the securities of the Company and its associated corporations*

As at 31 December 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

#### (i) *Interests in shares of the Company:*

Name of Director	Nature of interest	Number of shares	Position	Approximate percentage of the total issued ordinary shares
Mr. Yung Ka Chun (“Mr. Yung”)	Corporate interest (Note 1)	516,991,516	Long	30.42%
	Personal interest (Note 2)	2,640,000	Long	0.16%
Dr. Jiang Tao	Personal interest	5,740,000	Long	0.34%
Mr. Zheng Gang	Personal interest	6,044,000	Long	0.36%
Dr. Huang Jiaqing	Personal interest	3,800,000	Long	0.22%

*Note 1:* The 516,991,516 Shares are represent (i) 418,491,516 Shares are held through Easeglory Holdings Limited (“Easeglory”), a company incorporated in the British Virgin Islands (“BVI”) with limited liability, the entire issued share capital of which is directly owned by Mr. Yung. (ii) By virtue of the SFO, Mr. Yung is deemed to have interest of 98,500,000 convertible preference shares held by Easeglory.

*Note 2:* The 2,640,000 Shares are beneficially owned by Mr. Yung.

(ii) *Interests in the issued share capital of the Company's associated corporation:*

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares	Position	Approximate percentage of shareholdings in the associated corporation's issued share capital
Mr. Yung Ka Chun	Wanjia Group (Note 1)	Corporate interest (Note 2)	24,192,100	Long	3.73%

*Notes:*

1. Hua Xia Healthcare Holdings Limited held the entire issued share capital of Greatly Wealth Global Group Limited (“**Greatly Wealth**”), a company incorporated in the BVI with limited liability, which is in turn interested in 411,917,648 shares of Wanjia Group, a company incorporated in the Cayman Islands with limited liability of which its shares are listed on the Main Board of the Stock Exchange (representing approximately 63.53% of the issued share capital of Wanjia Group). Therefore, Wanjia Group is an associated corporation of the Company for the purposes of the SFO.
2. These shares are held through Easeglory, the entire issued share capital of which is owned by Mr. Yung Ka Chun.

(iii) *Interests in share options under share option scheme:*

Name of Director	Exercise period	Exercise price	Number of share options granted	Position
Mr. Yung Ka Chun	18 April 2015 to 17 April 2018	HK\$0.68	3,960,000	Long
Dr. Jiang Tao	18 April 2015 to 17 April 2018	HK\$0.68	4,410,000	Long
Mr. Zheng Gang	18 April 2015 to 17 April 2018	HK\$0.68	4,410,000	Long

<b>Name of Director</b>	<b>Exercise period</b>	<b>Exercise price</b>	<b>Number of share options granted</b>	<b>Position</b>
Dr. Huang Jiaqing	18 April 2015 to 17 April 2018	HK\$0.68	4,200,000	Long
Dr. Wong Yu Man, James	18 April 2015 to 17 April 2018	HK\$0.68	1,000,000	Long
Mr. Tang Xun	18 April 2015 to 17 April 2018	HK\$0.68	3,000,000	Long

Save as disclosed above, as at 31 December 2015, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

**(b) Substantial shareholders' interests and short positions in shares and underlying shares**

As at 31 December 2015, other than the interests of a director or chief executive of the Company as disclosed under the heading "Directors' and chief executive's interests in shares, underlying shares and debentures of the Company and its associated corporations" above, the interests and short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

*Long positions in shares of the Company:*

<b>Name of shareholder</b>	<b>Number of shares</b>	<b>Position</b>	<b>Capacity</b>	<b>Approximate percentage of the total issued ordinary shares</b>
Easeglory Holdings Limited (Note 1)	516,991,516	Long	Beneficial owner	30.42%
New Hope International (Hong Kong) Limited (Note 2)	343,217,539	Long	Beneficial owner	20.20%

Name of shareholder	Number of shares	Position	Capacity	Approximate percentage of the total issued ordinary shares
南方希望實業有限公司 (Note 2)	343,217,539	Long	Corporate interest	20.20%
新希望集團有限公司 (Note 2)	343,217,539	Long	Corporate interest	20.20%
西藏恒業峰實業有限公司 (Note 2)	343,217,539	Long	Corporate interest	20.20%
Mr. Liu Yonghao (Note 2)	343,217,539	Long	Corporate interest	20.20%
Ms. Liu Chang (Note 2)	343,217,539	Long	Corporate interest	20.20%
Ms. Li Wei (Note 2)	343,217,539	Long	Corporate interest	20.20%

*Note 1:* The issued share capital of Easeglory is 100% beneficially owned by Mr. Yung, an executive Director of the Company. The 516,991,516 shares represent (i) the 418,491,516 ordinary shares beneficially owned by Easeglory, and (ii) the 98,500,000 convertible preference shares.

*Note 2:* New Hope International (Hong Kong) Limited is interested in 343,217,539 ordinary shares of the Company. The issued share capital of New Hope International (Hong Kong) Limited is 75% beneficially owned by 南方希望實業有限公司 which is in turn 51% held by 新希望集團有限公司 and 49% is held by 西藏恒業峰實業有限公司.

Both 新希望集團有限公司 and 西藏恒業峰實業有限公司 are beneficially held by Mr. Liu Yonghao, Ms. Liu Chang and Ms. Li Wei in shareholding proportionate among them as 62.34%, 36.35% and 1.31%, respectively. Therefore, Mr. Liu Yonghao, Ms. Liu Chang and Ms. Li Wei are interested in shares of the Company.

Save as disclosed above, as at 31 December 2015, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

Apart from as disclosed under the heading "Directors' and chief executive's interests in shares, underlying shares and debentures of the Company and its associated corporations" above, at no time since incorporation of the Company were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

## SHARE OPTION SCHEMES

As at 31 December 2015, there were 66,591,991 outstanding share options, of which representing approximately 3.92% of the issued share capital of the Company. All of which were granted pursuant to the share option schemes adopted on 20 April 2002 and 10 August 2011. A breakdown setting out the number of outstanding share options, their respective exercise prices and respective exercise periods was as follows:

Categories of grantees	Exercise period	Exercise price	Number of share options outstanding
<i>Directors</i>			
Mr. Yung Ka Chun	18 April 2015 to 17 April 2018	HK\$0.68	3,960,000
Dr. Jiang Tao	18 April 2015 to 17 April 2018	HK\$0.68	4,410,000
Mr. Zheng Gang	18 April 2015 to 17 April 2018	HK\$0.68	4,410,000
Dr. Huang Jiaqing	18 April 2015 to 17 April 2018	HK\$0.68	4,200,000
Dr. Wong Yu Man, James	18 April 2015 to 17 April 2018	HK\$0.68	1,000,000



<b>Categories of grantees</b>	<b>Exercise period</b>	<b>Exercise price</b>	<b>Number of share options outstanding</b>
Mr. Tang Xun	18 April 2015 to 17 April 2018	HK\$0.68	3,000,000
<b>Employees and consultants of the Group</b>	13 July 2006 to 12 July 2016	HK\$3.61	459,738
	21 March 2007 to 20 March 2017	HK\$2.94	1,042,253
	30 September 2009 to 29 March 2019	HK\$0.50	450,000
	18 April 2015 to 17 April 2018	HK\$0.68	43,660,000
Total			66,591,991

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

During the period under review, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for the pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company had adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the nine months ended 31 December 2015.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules for the nine months ended 31 December 2015.

### **REMUNERATION COMMITTEE**

The Remuneration Committee was established on 3 June 2005 in compliance with the code provision. The Remuneration Committee consists of Mr. Zheng Gang, an executive Director and three independent non-executive Directors, namely Prof. Hu Shanlian, Prof. Lu Chuanzhen and Ms. Wong Ka Wai, Jeanne. Ms. Wong Ka Wai, Jeanne is the Chairlady of the Remuneration Committee.

The role and function of the Remuneration Committee include the determination of the specific remuneration package of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board of the remuneration of non-executive Directors. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

### **NOMINATION AND CORPORATE GOVERNANCE COMMITTEE**

On 11 February 2014, the Board resolved to establish a Nomination and Corporate Governance Committee in place and stead of the previously Nomination Committee, which was established on 27 March 2012 in compliance with the code provision. The Nomination and Corporate Governance Committee comprised of Dr. Jiang Tao, an executive Director and three independent non-executive Directors, namely Prof. Hu Shanlian, Prof. Lu Chuanzhen and Ms. Wong Ka Wai, Jeanne. Dr. Jiang Tao is the chairman of the Nomination and Corporate Governance Committee.

The Primary duties of the Nomination and Corporate Governance Committee include, but are not limited to: (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and making recommendations to the Board regarding any proposed changes; (ii) identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of, individuals nominated for directorships; (iii) making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman of the Board and the chief executive officer of the Company; and (iv) keeping the effectiveness of the corporate governance and system of internal controls of the Group.

## AUDIT COMMITTEE

The Company established the Audit Committee on 2 November 2001, with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are: (i) to ensure the adequacy and effectiveness of the accounting and financial controls of the Group; (ii) oversee the performance of risk management and internal control systems and financial reporting process; and (iii) monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors. The Audit Committee comprises three members including Ms. Wong Ka Wai, Jeanne, Prof. Hu Shanlian and Prof. Lu Chuanzhen. All of them are the independent non-executive Directors. The chairlady of the Audit Committee is Ms. Wong Ka Wai, Jeanne.

The Group's unaudited condensed consolidated results for the period under review were reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures has been made.

By order of the Board  
**Hua Xia Healthcare Holdings Limited**  
**Jiang Tao**  
*Chief Executive Officer*

Hong Kong, 3 February 2016

*As at the date of this announcement, the Board comprises Dr. Jiang Tao, Mr. Yung Ka Chun, Mr. Zheng Gang and Dr. Huang Jiaqing as executive directors; Dr. Wong Yu Man, James and Mr. Tang Xun as non-executive directors; and Ms. Wong Ka Wai, Jeanne, Prof. Hu Shanlian and Prof. Lu Chuanzhen as independent non-executive directors.*

*This announcement will remain on the "Latest Company Announcement" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of this posting and on the website of the Company at <http://www.huaxia-healthcare.com>.*