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**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)**

**DISCLOSEABLE TRANSACTION IN RELATION TO  
THE ACQUISITION IN THE ENTIRE ISSUED SHARE CAPITAL  
OF GLOWING SMART INVESTMENT LIMITED  
AND THE SALE LOAN**

**THE ACQUISITION**

On 14 September 2016 (after trading hours of the Stock Exchange), the Purchaser, the Vendor and the Vendor Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Share (representing the entire issued share capital of the Target Company) and the Sale Loan, at an aggregate consideration of HK\$149,501,540 which is satisfied in the following manner: (a) HK\$14,000,000, being the refundable deposit and part of the Consideration, has been paid by the Purchaser after signing of the MOU; (b) HK\$102,400,000 will be settled by the issue and allotment of 320,000,000 Consideration Shares at the Issue Price of HK\$0.32 per Consideration Share by the Company to the Vendor (or its nominee(s)) on the Completion Date; and (c) the remaining balance of HK\$33,101,540 shall be payable by the Purchaser to the Vendor (or its nominee(s)) on the Completion Date.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

\* For identification purpose only

## **IMPLICATION UNDER THE GEM LISTING RULES**

As the applicable percentage ratios (as defined under the GEM Listing Rules) for the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of GEM Listing Rules.

As Completion is subject to the fulfillment of a number of conditions precedent as set out in the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

## **THE ACQUISITION**

On 14 September 2016 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor and the Vendor Guarantor, the principal terms of which are set out as follows:

Date: 14 September 2016

Parties: (1) Best Winna Investment Holding Limited (as Purchaser);  
(2) Kingfull Corporate Development Limited (as Vendor); and  
(3) Mr. Lin Jinzong (as Vendor Guarantor)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Vendor, the Vendor Guarantor and the ultimate beneficial owner of the Vendor, is an Independent Third Party.

### **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Share and the Sale Loan. The Sale Share represents the entire issued share capital of the Target Company. The Sale Loan represents all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion. As at the date of the Sale and Purchase Agreement, the Sale Loan amounted to HK\$23,520,440 and such loan is unsecured, carries no interest and has no fixed term of repayment.

## Consideration

The aggregate Consideration for the Sale Share and the Sale Loan is HK\$149,501,540, which is satisfied by the Purchaser to the Vendor (or its nominee(s)) in the following manner:

- (a) HK\$14,000,000, being the refundable deposit and part of the Consideration, has been paid by the Purchaser after signing of the MOU;
- (b) HK\$102,400,000, will be settled by the issue and allotment of 320,000,000 Consideration Shares at the Issue Price of HK\$0.32 per Consideration Share by the Company to the Vendor (or its nominee(s)) on the Completion Date; and
- (c) the remaining HK\$33,101,540 shall be payable by the Purchaser to the Vendor (or its nominee(s)) on the Completion Date.

The Consideration was determined based on arm's length negotiations between the Purchaser and the Vendor after taking into account, among others, (i) the future prospects of the Target Group; (ii) the Profit Guarantee provided by the Vendor and the Vendor Guarantor for the Relevant Period (as defined below); (iii) the benefits to be derived by the Group from the Acquisition as described herein below; and (iv) the prevailing price-to-earnings ratios of the comparable companies listed in Hong Kong which are engaged in similar business of the Target Group.

### *Profit Guarantee*

Pursuant to the Sale and Purchase Agreement, the Vendor and the Vendor Guarantor irrevocably warrants and guarantees to the Purchaser that the audited net profit after tax and extraordinary or exceptional items but before minority interests of the Target Hospital (the "**Actual Profit**") for the twelve-month period since the Completion Date (the "**Relevant Period**") shall be not less than HK\$12,000,000 (the "**Guaranteed Profit**"). As security for the performance of the obligations of the Vendor under the Profit Guarantee, the Vendor shall deposit all the share certificate(s) of the 320,000,000 Consideration Shares in escrow with the Company on behalf of the Vendor in accordance with the terms and conditions of the Escrow Agreement on the Completion Date.

The Purchaser shall appoint and procure an external auditor (which will be determined and agreed by the Purchaser from time to time) to issue the audited financial statements of the Target Hospital for the Relevant Period (the “**Target Hospital Audited Financial Statements**”) prepared in accordance with the PRC General Accepted Accounting Principles within three months after the expiry of the Relevant Period.

In the event that the Actual Profit is less than the Guaranteed Profit, the Vendor shall indemnify the Purchaser the Compensated Amount (as defined below) by deducting the Compensated Amount from the aggregate Consideration in accordance with the formula below:

the “**Compensated Amount**” = (Guaranteed Profit – Actual Profit) x 12.46

If the Actual Profit exceeds the Guaranteed Profit, the Compensation Amount shall be zero. The Purchaser is not obliged to pay any additional consideration to the Vendor. The Purchaser shall procure the Company to release the share certificate(s) of all the Consideration Shares to the Vendor (or its nominee(s)) in accordance with the terms and conditions of the Escrow Agreement within 30 days (or such other days as agreed between the parties) upon the issue of the Target Hospital Audited Financial Statements.

The Actual Profit should be treated as zero if the Target Hospital recorded an audited net loss after taxation and extraordinary or exceptional items but before minority interests for the Relevant Period. If the Vendor has to indemnify the Purchaser the Compensated Amount, the Vendor shall dispose of or procure to dispose of all or part of the Consideration Shares within 10 days (or such other days as agreed between the parties) upon the issue of the Target Hospital Audited Financial Statements. The Vendor shall complete the selling of such number of Consideration Shares within 30 days (or such other days as agreed between the parties) upon the issue of the Target Hospital Audited Financial Statements and use the proceeds from the sale of the Consideration Shares (in whole or in part) to pay the Compensated Amount to the Purchaser within 5 days (or such other days as agreed between the parties) after completion of the sale.

### **Consideration Shares**

The Consideration Shares shall be allotted and issued pursuant to the General Mandate, and shall rank *pari passu* with the Shares in issue on the date of allotment and issue including the rights to all dividends, distributions and other payments made or to be made for which the record date falls or after the date of such allotment and issue.

Pursuant to an ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on 12 August 2016, the Directors are entitled to allot, issue and deal with up to 407,649,988 Shares under the General Mandate. The General Mandate has not been utilized since the date of grant on 12 August 2016 up to the date of this announcement.

Shareholders' approval is not required for the allotment and issue of the Consideration Shares. The Consideration Shares will be issued under the General Mandate.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Issue Price of HK\$0.32 per Consideration Share represents:

- (i) a discount of approximately 11.1% to the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on 14 September 2016, being the date of the Sale and Purchase Agreement;
- (ii) a discount of approximately 12.1% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive full trading days prior to the date of the Sale and Purchase Agreement of HK\$0.364 per Share; and
- (iii) a discount of approximately 9.5% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten consecutive full trading days prior to the date of the Sale and Purchase Agreement of HK\$0.3535 per Share.

The Consideration Shares represent (i) approximately 15.7% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 13.6% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

### **Conditions of the Sale and Purchase Agreement**

Completion of the Sale and Purchase Agreement shall be conditional upon the fulfilment or waiver (as the case may be) of the following conditions:

- (a) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Acquisition having been obtained;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendor in respect of the Acquisition having been obtained;

- (c) there are no matters, facts or circumstances which constitute or may constitute violation of the relevant warranties or terms under the Sale and Purchase Agreement on the part of the Vendor;
- (d) the obtaining of the legal opinion (in form and substance satisfactory to the Purchaser) to be issued by a firm of PRC legal advisers in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (e) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares; and
- (f) the Purchaser being satisfied with the results of the due diligence review on the Target Group to be conducted by the Purchaser.

Save as conditions (a), (c), (d) and (f) which can be waived by the Purchaser at any time by notice in writing to the Vendor, no other conditions precedent can be waived by any parties. If the above conditions have not been satisfied (or waived as the case may be) on or before 14 November 2016, the Sale and Purchase Agreement shall cease and determine (save as otherwise provided therein), and no party of the Sale and Purchase Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

### **Completion**

Completion shall take place at 4:00 p.m. on the Completion Date after all conditions precedent have been fulfilled (or waived as the case may be) or such other date as the parties to the Sales and Purchase Agreement may agree in writing.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group.

## INFORMATION ON THE TARGET GROUP

The Target Group consists of the Target Company, the HK Company, the PRC Company A and the PRC Company B and the Target Hospital.

### The Target Company

The Target Company is a company incorporated in the BVI with limited liability on 19 August 2015, the entire issued share capital of which is wholly and beneficially owned by the Vendor. The Target Company is principally engaged in investment holding. Set out below is a summary of the unaudited financial information of the Target Company based on its unaudited management accounts prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>For the period from 19 August 2015 (date of incorporation) to 31 December 2015 (unaudited) HK\$</b>	<b>For the seven months ended 31 July 2016 (unaudited) HK\$</b>
Revenue	–	–
Net loss before taxation	(5,460)	–
Net loss after taxation	(5,460)	–

The unaudited net liabilities of the Target Company was HK\$5,452 as at 31 July 2016.

## HK Company

The HK Company is a company incorporated in Hong Kong with limited liability on 2 September 2015, the entire issued share capital of which is wholly and beneficially owned by the Target Company. The HK Company is principally engaged in investment holding. Set out below is a summary of the unaudited financial information of the HK Company based on its unaudited management accounts prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>For the period from 2 September 2015 (date of incorporation) to 31 December 2015 (unaudited) HK\$</b>	<b>For the seven months ended 31 July 2016 (unaudited) HK\$</b>
Revenue	–	–
Net loss before taxation	(12,980)	(150)
Net loss after taxation	(12,980)	(150)

The unaudited net liabilities of the HK Company was HK\$13,129 as at 31 July 2016.

## PRC Company A

The PRC Company A is a company established in the PRC with limited liability on 28 November 2014, the entire equity interest of which is wholly and beneficially owned by the HK Company. The PRC Company A is principally engaged in investment holding. Set out below is a summary of the unaudited financial information of the PRC Company A based on its unaudited management accounts prepared in accordance with the PRC General Accepted Accounting Principles:

	<b>For the period since 28 November 2014 (date of incorporation) to 31 December 2014 (unaudited) RMB</b>	<b>For the year ended 31 December 2015 (unaudited) RMB</b>	<b>For the seven months ended 31 July 2016 (unaudited) RMB</b>
Revenue	–	–	–
Net loss before taxation	–	(36,626)	(11,169)
Net loss after taxation	–	(36,626)	(11,169)

The unaudited net liabilities of the PRC Company A was RMB47,795 as at 31 July 2016.



## PRC Company B

The PRC Company B is a company established in the PRC with limited liability on 3 August 2016, the entire equity interest of which is wholly and beneficially owned by the PRC Company A. The PRC Company B is principally engaged in investment holding. Since PRC Company B was newly established, no management accounts were prepared and therefore no financial information of the PRC Company B was available.

## The Target Hospital

The Target Hospital is a private composite hospital, which was established in the PRC in 2007 and located at the Dongcheng District in the Beijing City in the PRC, the equity interest of which is owned as to 99.94% by the PRC Company B and 0.06% by an Independent Third Party. The Target Hospital is principally engaged in the provision of general hospital services, including but not limited to outpatient and hospitalization, urological surgery, medical checkup and examination. Its main customers include patients suffering from urology or infertility problems.

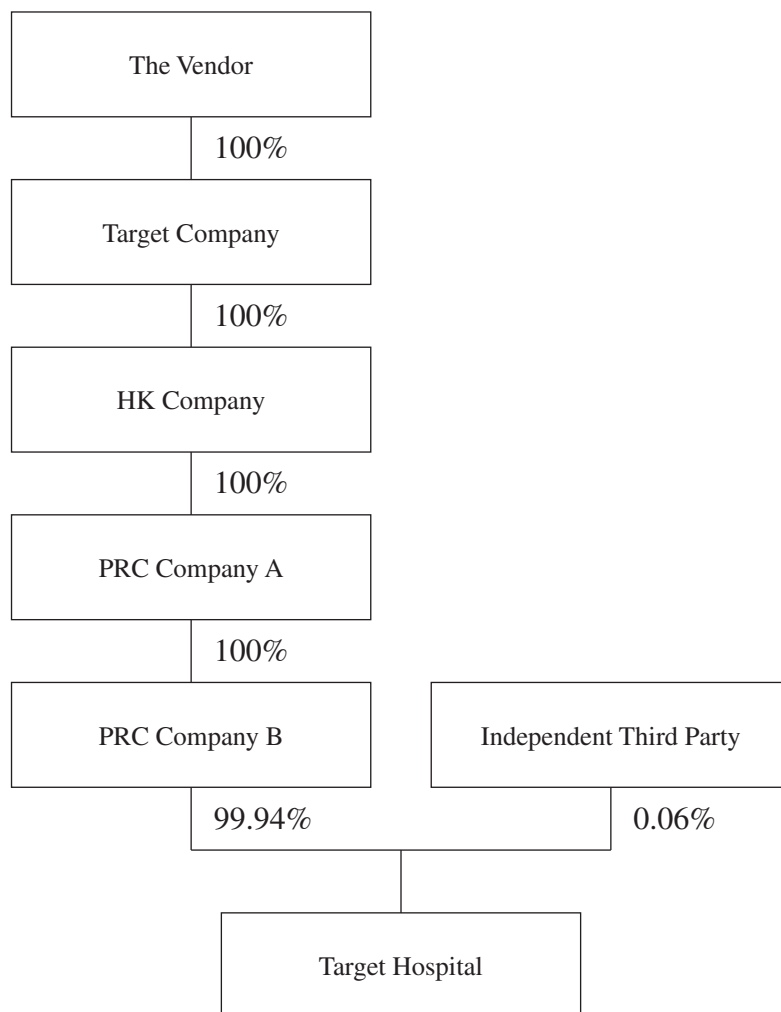
Set out below is a summary of the financial information of the Target Hospital for the two financial years ended 31 December 2014 and 2015 (based on the audited financial statements) and for the seven months ended 31 July 2016 (based on the unaudited management accounts) prepared in accordance with the PRC General Accepted Accounting Principles:

	<b>For the year ended 31 December 2014</b>	<b>For the year ended 31 December 2015</b>	<b>For the seven months ended 31 July 2016</b>
	(audited)	(audited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	22,324	22,861	27,784
Net profit/(loss) before taxation	(960)	(444)	4,089
Net profit/(loss) after taxation	(960)	(444)	3,998

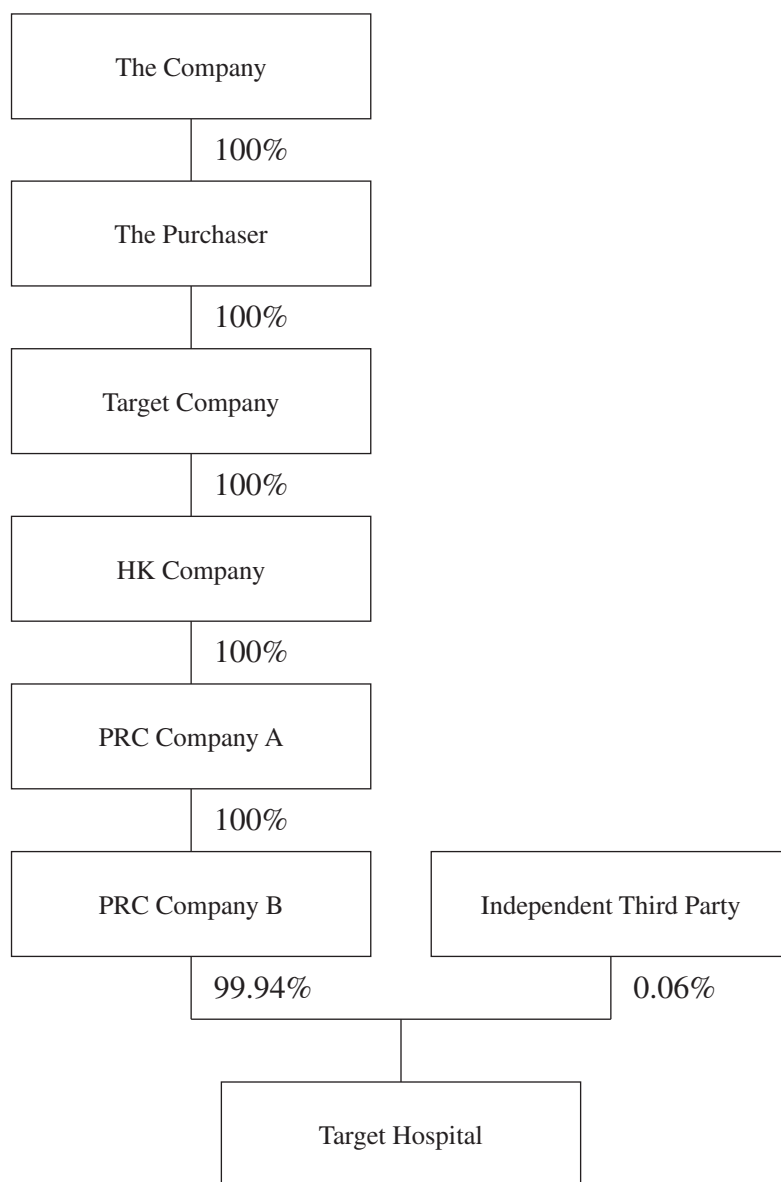
The unaudited net assets of the Target Hospital was approximately RMB12.8 million as at 31 July 2016.

## Shareholding structure of the Target Group

Set out below is the shareholding structure of the Target Group before the Completion:



Set out below is the shareholding structure of the Target Group after the Completion:



## INFORMATION OF THE PARTIES TO THE ACQUISITION

The Purchaser is a company incorporated in the BVI with limited liability on 1 August 2014 and is wholly-owned by the Company. The principal activity of the Purchaser is investment holding.

The Vendor is a company incorporated in the BVI with limited liability on 19 August 2015 and is beneficially wholly-owned by the Vendor Guarantor. The principal activity of the Vendor is investment holding. The Vendor Guarantor is a merchant with over 10 years' experience in the management and operation of hospitals.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Vendor, the Vendor Guarantor and the ultimate beneficial owner of the Vendor, is an Independent Third Party.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the provision of general hospital services and pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses in the PRC. The Group is operating three hospitals in Chongqing, Jiaying and Zhuhai, respectively, in the PRC.

By the end of May 2015, there were approximately 26,000 hospitals in the PRC of which approximately 13,300 are public or government owned hospitals and 13,100 are privately run hospitals. The privately run hospitals attributed approximately 50% of the total number of hospitals in the PRC. As compared with the number of hospitals in the PRC at the end of May 2014, by the end of May 2015, the number of public or government owned hospitals in the PRC decreased by 64 while the number of privately run hospitals in the PRC increased by 1,487. In 2012, the national healthcare expenses were about RMB2,800 billion which represented approximately 5.2% of the gross domestic product of the PRC in 2012, of which approximately 30.0%, 35.6% and 34.4% of the total healthcare expenditure were from the government, corporations and individuals respectively. Government healthcare expenditure increased from approximately RMB15.5 billion in 2005 to approximately RMB1,057.9 billion in 2014, representing a compound annual growth rate of approximately 23.8%. Despite the high medical insurance coverage in the PRC, the individual expenditure in the healthcare is still a main driving force for the growth in healthcare sector. The "Thirteenth Five-Year Plan" will commence in 2016, according to the prediction of the State Council of the PRC, in 2020, the size of the health service industry will reach or exceed approximately RMB8,000 billion, and the health service industry will become an important force to promote the sustained economic and social development.

In view of high growth rate in healthcare industry and the expansion of the individual expenditure in the healthcare sector, the Directors expect that the demand for the privately run hospitals will continue to be increased. The Acquisition will be a good opportunity for the Group to expand its healthcare business in a fast pace and to have a wide geographical exposure given that the Target Hospital is located in a different province in the PRC from those hospitals operated by the Group in the PRC. The Directors are given to understand that the financial and operating performance of the Target Hospital have been improved since the increase in the registered capital of the Target Hospital in March 2016. After the Completion, the Group will strengthen the management and operation of the Target Hospital as well as enhancing the quality and services it provides to the local community by staff training and the recruitment of medical doctors or staff if necessary. The Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition will enable the Group to capture the next wave of the healthcare sector reform in the PRC and is in the interests of the Company and its Shareholders as a whole.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Consideration Shares (assuming no further Shares will be issued or repurchased before the allotment and issuance of the Consideration Shares):

	As at the date of this announcement		Immediately upon the issue of the Consideration Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Yung Ka Chun (“ <b>Mr. Yung</b> ”) (Notes 1 and 5)	2,640,000	0.13	2,640,000	0.11
Dr. Jiang Tao (“ <b>Dr. Jiang</b> ”) (Note 2)	5,740,000	0.28	5,740,000	0.24
Mr. Zheng Gang (“ <b>Mr. Zheng</b> ”) (Note 3)	6,044,000	0.30	6,044,000	0.26
Dr. Huang Jiaqing (“ <b>Dr. Huang</b> ”) (Note 4)	3,800,000	0.19	3,800,000	0.16
Easeglory Holdings Limited (“ <b>Easeglory</b> ”) (Note 5)	418,491,516	20.53	418,491,516	17.75
New Hope International (Hong Kong) Limited (“ <b>New Hope</b> ”) (Note 6)	343,217,539	16.84	343,217,539	14.55
Vendor (or its nominee(s))	–	–	320,000,000	13.57
Other public Shareholders	1,258,316,889	61.73	1,258,316,889	53.36
Total	<u>2,038,249,944</u>	<u>100.00</u>	<u>2,358,249,944</u>	<u>100.00</u>

### Notes:

1. Mr. Yung, an executive Director, is personally interested in 2,640,000 Shares.
2. Dr. Jiang, an executive Director, is personally interested in 5,740,000 Shares.
3. Mr. Zheng, an executive Director, is personally interested in 6,044,000 Shares.
4. Dr. Huang, an executive Director, is personally interested in 3,800,000 Shares.
5. Easeglory is interested in 418,491,516 Shares and 98,500,000 convertible preference shares (“**CPS**”) in the Company. The issued share capital of Easeglory is wholly-owned by Mr. Yung. Mr. Yung is deemed to be interested in the Shares and the CPS in which Easeglory is interested in under Part XV of the Securities and Futures Ordinance (“**SFO**”) (Chapter 571 of the Laws of Hong Kong).

Easeglory has charged 418,491,516 Shares and 98,500,000 CPS to Golden Prince Group Limited (“**Golden Prince**”) and Mr. Ng Leung Ho respectively. The issued share capital of Golden Prince is wholly-owned by Mr. Ng Leung Ho. Mr. Ng Leung Ho is deemed to be interested in the 418,491,516 Shares under Part XV of the SFO, and is interested in the 98,500,000 CPS.

6. The issued share capital of New Hope is owned as to 75% by Southern Hope Enterprise Co., Ltd.# (南方希望實業有限公司) which is in turn owned as to 51% by New Hope Group Co., Ltd.# (新希望集團有限公司) and as to 49% by Tibet Hengye Feng Industrial Co., Ltd.# (西藏恒業鋒實業有限公司). Both New Hope Group Co., Ltd.# and Tibet Hengye Feng Industrial Co., Ltd.# are owned as to 62.34% by Mr. Liu Yonghao, as to 36.35% by Ms. Liu Chang and as to 1.31% by Ms. Li Wei. Mr. Liu Yonghao, Ms. Liu Chang and Ms. Li Wei are deemed to be interested in the Shares in which New Hope is interested in under Part XV of the SFO.

## **IMPLICATION UNDER THE GEM LISTING RULES**

As the applicable percentage ratios (as defined under the GEM Listing Rules) for the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of GEM Listing Rules.

As Completion is subject to the fulfillment of a number of conditions precedent as set out in the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Sale Share and the Sale Loan by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	British Virgin Islands
“Company”	Hua Xia Healthcare Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8143)

“Completion”	completion of the sale and purchase of the Sale Share and the Sale Loan in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date of falling third Business Days after the fulfillment (or waiver) of the conditions set out in the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Consideration”	the aggregate consideration of HK\$149,501,540 for the Acquisition
“Consideration Share(s)”	320,000,000 new Shares to be issued pursuant to the Sale and Purchase Agreement at the Issue Price
“Director(s)”	director(s) of the Company
“Escrow Agreement”	an escrow agreement to be signed by the Vendor and the Company in relation to the escrow arrangement of the Consideration Shares upon the Completion
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate to allot and issue new Shares granted to the Directors by the Shareholders at the Company’s annual general meeting on 12 August 2016
“Group”	the Company and its subsidiaries
“HK Company”	Wealth Tech International Investment Limited (富德國際投資有限公司), a company incorporated in Hong Kong with limited liability, the entire issue share capital of which is owned by the Target Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, is/are not connected person(s) of the Company and is/are third party(ies) independent of the Company and its connected person(s) in accordance with the GEM Listing Rules
“Issue Price”	HK\$0.32, being the issue price per Consideration Share
“MOU”	the non-legally binding memorandum of understanding dated 8 July 2016 entered into among the Purchaser, the Vendor and the Vendor Guarantor setting out the preliminary understanding in relation to the Acquisition
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC Company A”	莆田市恒佳貿易有限公司 (Putian City Hengjia Trading Co., Limited#), a company established in the PRC with limited liability, the entire equity interest of which is owned by the HK Company
“PRC Company B”	福建潤恒企業管理諮詢有限公司 (Fujian Yunheng Enterprise Management Consulting Co., Limited#), a company established in the PRC with limited liability, the entire equity interest of which is owned by PRC Company A
“Profit Guarantee”	a guarantee that, the audited net profit after tax and extraordinary or exceptional items but before minority interests of the Target Hospital as prepared in accordance with the PRC General Accepted Accounting Principles for the twelve-month period since the Completion Date shall not be less than HK\$12 million
“Purchaser”	Best Winna Investment Holding Limited (德華投資控股有限公司), a company incorporated in the BVI with limited liability, the entire issue share capital of which is owned by the Company



“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 14 September 2016 entered into between the Purchaser, the Vendor and the Vendor Guarantor for the sale and purchase of the Sale Share and the Sale Loan
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target Group to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion, which amounted to approximately HK\$23,520,440 as at the date of the Sale and Purchase Agreement
“Sale Share”	1 share of US\$1.00 in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Glowing Smart Investment Limited (卓燁投資有限公司), a company incorporated in the BVI with limited liability, the entire issue share capital of which is owned by the Vendor
“Target Group”	the Target Company and its subsidiaries
“Target Hospital”	北京同濟醫院有限公司 (Beijing Tongji Hospital Co., Limited <sup>#</sup> ), a composite hospital located at the Dongcheng District in the Beijing City in the PRC and is owned as to 99.94% by the PRC Company B and 0.06% by an Independent Third Party
“Vendor”	Kingfull Corporate Development Limited (港峰企業發展有限公司), a company incorporated in the BVI with limited liability, the entire issued share capital of which is owned by the Vendor Guarantor
“Vendor Guarantor”	Mr. Lin Jinzong (林金宗), the sole director and ultimate beneficial owner of the Vendor

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

# *The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

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

Hong Kong, 14 September 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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purposes 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.*

*This announcement will be published on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcement” page for at least 7 days from the date of publication and on the Company’s website at [www.huaxia-healthcare.com](http://www.huaxia-healthcare.com).*