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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)**

**CONNECTED TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL  
OF THE TARGET COMPANY  
AND THE SALE LOAN**

**THE ACQUISITION**

On 27 April 2017, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Sale Share and the Sale Loan, at the Consideration of HK\$2,091,500.

Pursuant to the Sale and Purchase Agreement, the Purchaser unconditionally and irrevocably undertakes to the Vendor that upon Completion, it shall provide sufficient fund to the Target Company to satisfy the Outstanding Fund Commitment in the sum of GBP970,000 (equivalent to approximately HK\$9,700,000) in accordance with the Funding Agreement.

Completion took place simultaneously upon signing the Sale and Purchase Agreement. Upon the Completion, the Target Company became an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group's accounts.

**IMPLICATIONS UNDER THE GEM LISTING RULES**

Mr. Yung Kwok Leong, the sole beneficial owner of the Vendor, is the father of Mr. Yung Ka Chun, an executive Director; Mr. Yung Kwok Leong and the Vendor are connected persons of the Company. As such, the Sale and Purchase Agreement and the transactions contemplated thereunder will constitute a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As all the applicable percentage ratios (as defined under the GEM Listing Rules) for the Acquisition (being the aggregate of the Consideration and the Outstanding Fund Commitment) is less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Rule 20.74(2) of the GEM Listing Rules.

\* For identification purpose only

## **THE ACQUISITION**

The Board is pleased to announce that on 27 April 2017 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Sale Share and the Sale Loan, at the Consideration of HK\$2,091,500.

The terms of the Sale and Purchase Agreement are set out below:

### **The Sale and Purchase Agreement**

Date: 27 April 2017

Parties:

- (1) Vendor: Vanhal Property Investment Limited, which is wholly-owned by Mr. Yung Kwok Leong, the father of Mr. Yung Ka Chun, an executive Director
- (2) Purchaser: Sino Business Investment Development Limited, a wholly-owned subsidiary of the Company

The Vendor is a company incorporated in Hong Kong, and is wholly-owned by Mr. Yung Kwok Leong, the father of Mr. Yung Ka Chun, an executive Director. As such, Mr. Yung Kwok Leong and the Vendor are connected persons of the Company.

### **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, the Purchaser agreed to acquire and the Vendor agreed to sell:

- (1) the Sale Share, being one share, representing the entire issued share capital in the Target Company; and
- (2) the Sale Loan, being all obligations, liabilities and indebtedness 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, which amounted to GBP209,149 (equivalent to approximately HK\$2,091,490).

## **Consideration**

The aggregate Consideration for the Sale Share and the Sale Loan is HK\$2,091,500, which was paid by the Purchaser to the Vendor in cash by way of cheque drawn against a licensed bank in Hong Kong on Completion Date.

The Consideration was determined through arm's length negotiations between the Purchaser and the Vendor and on a commercial basis with reference to (i) the future prospects of the Target Company; and (ii) the benefits to be derived by the Group from the Acquisition as described in the paragraph headed "Reasons for and the benefits of the Acquisition" below.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and the Sale and Purchase Agreement is on normal commercial terms and is fair and reasonable, and the entering into of the Sale and Purchase Agreement is in the interests of the Company and its Shareholders as a whole.

## ***Capital commitment***

On 4 November 2016, the University, the Target Company and Mr. Yung Kwok Leong entered into the Funding Agreement, pursuant to which the Target Company agreed to provide funding up to GBP1,178,000 (equivalent to approximately HK\$11,780,000) to the University for the establishment and operation of the Institute. As at the date of this announcement, the Target Company has contributed GBP208,000 (equivalent to approximately HK\$2,080,000) to the University for the establishment of the Institute, and GBP970,000 (equivalent to approximately HK\$9,700,000) remained outstanding.

Pursuant to the Sale and Purchase Agreement, the Purchaser unconditionally and irrevocably undertakes to the Vendor that upon Completion, it shall provide sufficient fund to the Target Company to satisfy the Outstanding Fund Commitment in accordance with the Funding Agreement. The Outstanding Fund Commitment shall be satisfied by the Target Company to the University by bank transfer in the following manner:

- (a) GBP198,000 (equivalent to approximately HK\$1,980,000) shall be paid four (4) months after the Commencement Date (or the Business Day immediately following that date);
- (b) GBP386,000 (equivalent to approximately HK\$3,860,000) shall be paid on the first anniversary of the Commencement Date (or the Business Day immediately following that date); and
- (c) GBP386,000 (equivalent to approximately HK\$3,860,000) shall be paid on the second anniversary of the Commencement Date (or the Business Day immediately following that date).

## Completion

The Sale and Purchase Agreement is unconditional and Completion took place simultaneously upon signing of the Sale and Purchase Agreement.

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

## INFORMATION ABOUT THE TARGET COMPANY

The Target Company is a company incorporated in Scotland, the United Kingdom with limited liability on 20 October 2016, and is principally engaged in investment holding.

Pursuant to the Funding Agreement, the Target Company shall provide the funding and the University shall establish the Institute with the funds obtained under the Funding Agreement. The Institute shall provide expertise to, and carry out research and other activities relating to an array of PRC projects in the areas of clinic training, research, informatics, quality improvement, service delivery, systems management and innovation.

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 International Financial Reporting Standards:

	<b>For the period from 20 October 2016 (date of incorporation) to 31 March 2017 (unaudited) GBP'</b>
Revenue	0
Profit/(Loss) before tax	(1,150)
Profit/(Loss) after tax	(1,150)

The unaudited net liability of the Target Company as at 31 March 2017 was approximately GBP1,149.

## **INFORMATION OF THE PARTIES TO THE ACQUISITION**

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

The Vendor is a company incorporated in Hong Kong with limited liability, and is principally engaged in investment holding. The Vendor is wholly-owned by Mr. Yung Kwok Leong, the father of Mr. Yung Ka Chun, an executive Director. As such, Mr. Yung Kwok Leong and the Vendor are connected persons of the Company.

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

The Company is an investment holding company, and the Group is principally engaged in the provision of general hospital services in the PRC.

The purpose of the Acquisition is to develop and expand cooperations between the Group and the University, through the establishment of the Institute, being a collaborative enterprise; for further details of the Institute, please refer to the paragraph headed “Information about the Target Company” above. The Institute has the expertise to carry out research and development to support projects in the PRC is a valuable vehicle for initiating such a collaboration. Pursuant to the Funding Agreement, it is open to the parties to explore the possibility of entering into a joint venture. In view that (i) the University is one of the renowned academic institutes in healthcare with leading technology; (ii) the healthcare market in the PRC offers huge opportunities; (iii) the Company has established a strong foothold in and continues to explore business opportunities in the healthcare industry; and (iv) the Company will be able to leverage on in the Acquisition, the Board believes that the cooperation between the parties contemplated under the Funding Agreement would be beneficial to and in the interests of the Company and its Shareholders as a whole.

As such, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Acquisition (including the Consideration and the Outstanding Fund Commitment) are fair and reasonable and are in the interests of Company and its Shareholders as a whole.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

Mr. Yung Kwok Leong, the sole beneficial owner of the Vendor, is the father of Mr. Yung Ka Chun, an executive Director; Mr. Yung Kwok Leong and the Vendor are connected persons of the Company. As such, the Sale and Purchase Agreement and the transactions contemplated thereunder constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As all the applicable percentage ratios (as defined under the GEM Listing Rules) for the Acquisition (being the aggregate of the Consideration and the Outstanding Fund Commitment) is less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Rule 20.74(2) of the GEM Listing Rules.

Mr. Yung Ka Chun, the executive Director, being the son of Mr. Yung Kwok Leong has a material interest in the Acquisition and he has abstained from voting on the resolutions approving the Acquisition at the meeting of the Board. Save and except for Mr. Yung Ka Chun, no other Director is required to abstain from voting on the resolutions approving the Acquisition at the meeting of the Board.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Share and the Sale Loan by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Board”	the board of the Directors
“Business Day”	a day (other than a Saturday or a Sunday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“Commencement Date”	4 November 2016, being the commencement date of the Funding Agreement
“Company”	Hua Xia Healthcare Holdings Limited, a company incorporated in the Cayman Islands with limited liability, 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”	being the date of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	HK\$2,091,500, being the consideration payable for the Acquisition
“Director(s)”	the director(s) of the Company
“Funding Agreement”	the funding agreement dated 4 November 2016 and entered into among the University, the Target Company and Mr. Yung Kwok Leong, in relation to the funding of the Institute
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Institute”	the University of Edinburgh-Hua Xia Healthcare Institute for Medical Research, Education and Management, being the institute intended to be established by the University pursuant to the Funding Agreement
“Outstanding Fund Commitment”	GBP970,000 (equivalent to approximately HK\$9,700,000), being the outstanding capital commitment by the Target Company to the University, to fund the Institute
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Sino Business Investment Development Limited, a company incorporated in the BVI with limited liability, a wholly-owned subsidiary of the Company

“Sale and Purchase Agreement”	the sale and purchase agreement dated 27 April 2017 and entered into between the Vendor and the Purchaser, in relation to the sale and purchase of the Sale Share and the Sale Loan
“Sale Loan”	all obligations, liabilities and indebtedness 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
“Sale Share”	one (1) share of GBP1.00 in the issued share capital of the Target Company, representing the entire issued share capital in 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”	Future Health Investments (Scotland) Ltd, a company incorporated in Scotland, the United Kingdom with limited liability, which is wholly-owned by the Vendor
“United Kingdom”	the United Kingdom of Great Britain and Northern Ireland which comprises England, Wales, and Scotland as well as the northern portion of the island of Ireland
“University”	the University Court of the University of Edinburgh, a charitable body registered in Scotland, the United Kingdom and incorporated under the Universities (Scotland) Acts
“Vendor”	Vanhal Property Investment Limited, a company incorporated in Hong Kong with limited liability, which is wholly-owned by Mr. Yung Kwok Leong, the father of Mr. Yung Ka Chun, an executive Director
“GBP”	Pound sterling, the lawful currency of the United Kingdom



“HK\$” Hong Kong dollar(s), the lawful currency of Hong Kong

“%” per cent.

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

Hong Kong, 27 April 2017

*In this announcement, translation of GBP into HK\$ based on the exchange rate of GBP1.00 to HK\$10.00. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or the pound sterling have been, could have been or may be converted at such or any other rate or at all.*

*As at the date of this announcement, the Board comprises Dr. Jiang Tao, Mr. Yung Ka Chun, Mr. Zheng Gang, Dr. Huang Jiaqing and Mr. Lin Jinzong as executive Directors; Dr. Wong Yu Man, James, Mr. Tang Xun and Mr. Chan Chi Ming, Tony as non-executive Directors; and Ms. Wong Ka Wai, Jeanne, Prof. Hu Shanlian, Prof. Lu Chuanzhen and Prof. Zhang Bin 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).*