

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



KINGSTON SECURITIES

THE PLACING

The Board is pleased to announce that on 1 March 2018 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 460,000,000 Placing Shares at the Placing Price of HK\$0.1 per Placing Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum number of Placing Shares of up to 460,000,000 Shares under the Placing represents (i) approximately 19.51% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.1 per Placing Share represents (i) a discount of approximately 15.25% to the closing price of HK\$0.118 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.35% to the average closing prices per Share of HK\$0.124 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding to the date of the Placing Agreement.

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM.

* For identification purpose only

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be HK\$46 million, and the net proceeds will be approximately HK\$44.5 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.967 per Placing Share.

The Directors intend to apply the net proceed as to (i) approximately HK\$22 million for the repayment of the promissory notes of the Group; and (ii) approximately HK\$22.5 million as general working capital of the Group.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

THE PLACING

The Board is pleased to announce that on 1 March 2018 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 460,000,000 Placing Shares.

The Placing Agreement

Date: 1 March 2018

Parties:

Issuer: The Company

Placing Agent: Kingston Securities Limited

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent will charge a placing commission of 2.5% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares successfully placed by the Placing Agent. The Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing commission rate charged by other placing agents. The Directors consider that the terms of the Placing, including the Placing commission, are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares are expected to be placed to not less than six Placees, who and whose ultimate beneficial owners, shall be Independent Third Parties.

Placing Shares

As at the date of this announcement, the Company has 2,358,249,944 Shares in issue. Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum number of Placing Shares of up to 460,000,000 Shares under the Placing represents (i) approximately 19.51% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$4,600,000.

Placing Price

The Placing Price of HK\$0.1 per Placing Share represents:

- (i) a discount of approximately 15.25% to the closing price of HK\$0.118 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 19.35% to the average closing prices per Share of HK\$0.124 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding to the date of the Placing Agreement.

The Placing Price was determined with reference to, amongst other things, the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Placing is in the interests of the Company and its Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid shall rank pari passu in all respects among themselves and with the existing Shares in issue as at the date of this announcement.

Conditions precedent of the Placing

The Placing and the obligations of the Company and the Placing Agent under the Placing Agreement are conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment and/or despatch of certificates for the Placing Shares) the listing of, and permission to deal in all of the Placing Shares; and
- (ii) the obligations of the Placing Agent under this Placing Agreement not being terminated in accordance with the terms hereof, including provisions regarding force majeure events.

Completion

Completion will take place within four business days after the fulfilment of the conditions as set out in paragraph headed “Conditions precedent of the Placing” above or such other date to be agreed between the Company and the Placing Agent in writing.

If the above conditions are not satisfied and/or waived (other than condition (i) of “Conditions precedent of the Placing” above, which cannot be waived) in whole or in part by the Placing Agent on or before the Long Stop Date or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties hereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches hereof).

Application for listing

The Company will make an application to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM. Under the General Mandate, the Company is authorised to issue up to 471,649,988 new Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the allotment and the issue of the Placing Shares is not subject to the approval of the Shareholders.

Termination and force majeure

Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earlier of (i) the Completion; (ii) the Long Stop Date if the conditions as set out in "Conditions precedent of the Placing" of above have not been satisfied and (iii) termination of the Placing by the Placing Agent in accordance with the terms and conditions of the Placing Agreement, whereby the Company will be formally notified by the Placing Agent in writing in accordance with the terms of this Placing Agreement.

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events as below:

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Completion Date;

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (ii) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of any announcement(s) relating to the Placing; or
- (iii) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in this Placing Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate if repeated the Placing Agent shall determine, in its absolute opinion, that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent hereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with this Placing Agreement, save for any antecedent breaches.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Shareholders and potential investors of the Company shall be aware that the Completion is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company acts as an investment holdings company while its subsidiaries are principally engaged in the provision of general hospital services in the PRC.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be HK\$46 million, and the net proceeds will be approximately HK\$44.5 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.967 per Placing Share.

The Directors intend to apply the net proceed as to (i) approximately HK\$22 million for the repayment of the promissory notes of the Group; and (ii) approximately HK\$22.5 million as general working capital of the Group.

In light of the above, the Directors believe that the Placing represents a good opportunity to raise capital for the general working capital of the Group. Accordingly, the Directors are of the view that the Placing is in the best interest of the Company and its Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion assuming all the Placing Shares are fully placed and there is no other change in the shareholding structure of the Company from the date of this announcement up to the Completion Date are set out below:

	At the date of this announcement		Immediately upon Completion	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Shareholders				
Easeglory Holdings Limited (Note 1)	418,491,516	17.75	418,491,516	14.85
Mr. Yung Ka Chun (Note 1)	2,640,000	0.11	2,640,000	0.09
New Hope International (Hong Kong) Limited (Note 2)	343,217,539	14.55	343,217,539	12.18
Kingfull Corporate Development Limited (Note 3)	320,000,000	13.57	320,000,000	11.35
Dr. Jiang Tao (Note 4)	9,300,000	0.39	9,300,000	0.33
Mr. Zheng Gang (Note 4)	6,044,000	0.26	6,044,000	0.21
Dr. Huang Jiaqing (Note 4)	1,400,000	0.06	1,400,000	0.05
Placees	–	–	460,000,000	16.32
Other public Shareholders	1,257,156,889	53.31	1,257,156,889	44.62
Total	<u>2,358,249,944</u>	<u>100.00</u>	<u>2,818,249,944</u>	<u>100.00</u>

Notes:

1. Easeglory Holdings Limited is wholly-owned by Mr. Yung Ka Chun, an executive Director.
2. New Hope International (Hong Kong) Limited 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.
3. Kingfull Corporate Development Limited is wholly-owned by Mr. Lin Jinzong, an executive Director.
4. Dr. Jiang Tao, Mr. Zheng Gang and Dr. Huang Jiaqing are executive Directors.
5. The percentages are subject to rounding error.

The English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not carried out any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 14 August 2017
“Board”	the board of Directors
“Business Days”	days (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Hua Xia Healthcare Holdings Limited, a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on GEM (stock code: 8143)
“Completion”	the completion of the Placing in accordance with the terms and condition set out in the Placing Agreement
“Completion Date”	within four Business Days after the fulfilment of the conditions set out in the Placing Agreement are satisfied (or such later date as may be agreed between the Company and the Placing Agent in writing)
“connected persons”	has the meanings as ascribed thereto under the GEM Listing Rules

“Director(s)”	the director(s) of the Company
“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 granted to the Board pursuant to the ordinary resolution passed by the Shareholders at the AGM to allot, issue and deal with Shares up to 20% of the then issued share capital of the Company (being 2,358,249,944 Shares) as at the date of passing such resolution, which is equivalent to 471,649,988 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Long Stop Date”	22 March 2018 or such later date as may be agreed between the Company and the Placing Agent in writing
“Placee(s)”	any independent professional institutional or other investor(s) procured by the Placing Agent to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 1 March 2018 in relation to the Placing
“Placing Price”	HK\$0.1 per Placing Share

“Placing Share(s)”	up to 460,000,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, including Hong Kong and the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Shareholders”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, 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, 1 March 2018

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 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 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 <http://www.huaxia-healthcare.com>.