

*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.*



**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)**

**VOLUNTARY ANNOUNCEMENT  
IN RELATION TO THE FORMATION OF  
THE JV COMPANY IN SCOTLAND, THE UNITED KINGDOM**

**FORMATION OF THE JV COMPANY**

The Board announces that on 8 March 2018 (United Kingdom time), Sino Business (a wholly-owned subsidiary of the Company), the University and the JV Company entered into the JV Agreement, pursuant to which Sino Business and the University have agreed to jointly establish a joint venture using the JV Company in Scotland, the United Kingdom, with intention to carry on the Business within the Territories.

**THE JV AGREEMENT**

On Completion, the JV Company will be owned as to 51% by Sino Business and as to 49% by the University.

As Sino Business will be able to control the majority of the board of directors of the JV Company, the JV Company shall become an indirect non wholly-owned subsidiary of the Company and the JV Group's results will continue to be consolidated into the financial statements of the Company.

Reference is made to the announcement of the Company dated 27 April 2017, in relation to the Acquisition and the transactions contemplated thereunder.

**FORMATION OF THE JV COMPANY**

The Board announces that on 8 March 2018 (United Kingdom time), Sino Business (a wholly-owned subsidiary of the Company), the University and the JV Company entered into the JV Agreement, pursuant to which Sino Business and the University have agreed to jointly establish a joint venture using the JV Company in Scotland, the United Kingdom, with intention to carry on the Business (as defined below) within the Territories.

\* *For identification purpose only*

The principal terms of the JV Agreement are set out below:

## **THE JV AGREEMENT**

Date: 8 March 2018 (United Kingdom time)

Parties:

JV partners: (1) The University Court of the University of Edinburgh; and  
(2) Sino Business Investment Development Limited, a wholly-owned subsidiary of the Company

JV Company: Future Health Investments (Scotland) Ltd

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the University and its ultimate beneficial owner(s) are Independent Third Parties.

Prior to the entering into of the JV Agreement, the JV Company was wholly-owned by Sino Business, which, in turn, is wholly-owned by the Company.

### **Proposed shareholding in the JV Company**

Pursuant to the JV Agreement, the JV Company has agreed to allot and issue 49 JV Shares to the University and 50 JV Shares to Sino Business at par of GBP1.00 per JV Share. Prior to the entering into of the JV Agreement, the JV Company had one issued JV Share, which is owned by Sino Business.

On Completion, the JV Company will be owned as to 51% by Sino Business and as to 49% by the University.

## **Termination of the Funding Agreement**

Pursuant to the Funding Agreement, the JV 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, Sino Business had contributed in the aggregate amount of GBP406,000 (equivalent to approximately HK\$4,060,000) (the “**Contributions**”) to the JV Company to satisfy the JV Company’s funding commitment under the Funding Agreement. The JV Company has transferred all the Contributions to the University for the establishment and operation of the Institute. As at the date of this announcement, (i) the University had used GBP231,000 (equivalent to approximately HK\$2,310,000) to cover the costs and expenses in connection with establishment and operation of the Institute; and (ii) the balance of GBP175,000 (equivalent to approximately HK\$1,750,000) (the “**Remaining Balance**”) remains unused and unutilised.

Pursuant to the JV Agreement, the JV Company and the University have agreed to terminate the Funding Agreement in accordance with the Termination Agreement, under which (i) the University shall be obliged to pay the Remaining Balance to the JV Company and the said amount was received on 9 March 2018; (ii) the JV Company shall not be required to pay the Outstanding Balance; and (iii) Sino Business shall waive all the JV Company’s repayment liabilities in respect of the Contributions.

The Remaining Balance shall be used by the JV Company as working capital for the Business of the JV Group.

The Board considers that the termination of the Funding Agreement has no material adverse impact on the existing business operation and financial position of the Group. The Directors further consider that the terms of the Termination Agreement are on normal commercial terms and are fair and reasonable and the Termination Agreement is in the interests of the Company and the Shareholders as a whole.

## **Completion**

Completion shall take place on the date of the JV Agreement as agreed among the parties to the JV Agreement.

As Sino Business will be able to control the majority of the board of directors of the JV Company, the JV Company shall become an indirect non wholly-owned subsidiary of the Company and the JV Group’s results will continue to be consolidated into the financial statements of the Company.

## **Principal business objectives of the JV Group**

The principal business objectives of the JV Group shall include the followings (the “**Business**”) within the Territories:

- (a) engage in healthcare services delivery, including but not limited to hospital management, operations, marketing and hospital equipment procurement;
- (b) provide healthcare data services, data collection, storage, analysis and information technology structures;
- (c) deliver training to hospital personnel at all levels;
- (d) organise and conduct research as deemed appropriate as part of hospital management;
- (e) invest in healthcare services, products, equipment, data management and services as consistent with the scope of the business of the JV Company; and
- (f) carry out all such activities that are incidental to, and necessary for the fulfilment of the purposes referred to in (a) to (d) above.

## **Directorship and management of the JV Company**

Pursuant to the JV Agreement, the board of directors of the JV Company shall consist of not more than five directors, of which three shall be nominated by Sino Business, and two shall be nominated by the University whom shall act as non-executive directors of the JV Company. The chairman of the board of directors of the JV Company shall be held by a director nominated by Sino Business.

## **Transfer restriction**

None of the shareholder of the JV Company shall transfer or otherwise dispose of any of their JV Shares without the prior written consent of the other shareholder(s) of the JV Company.

## **INFORMATION ABOUT THE JV GROUP**

The JV Company is a company incorporated in Scotland, the United Kingdom on 20 October 2016. The JV Group consists of the following companies:

- (a) Edinburgh Health International Investment and Management Limited, a company incorporated in Hong Kong with limited liability;

- (b) Edinburgh Diabetes Education and Training Academy Limited, a company incorporated in Hong Kong with limited liability;
- (c) Edinburgh International Diabetes Investment and Management Limited, a company incorporated in Hong Kong with limited liability;
- (d) Edinburgh International Hospital Management Limited, a company incorporated in Hong Kong with limited liability; and
- (e) Edinburgh International Hospital Management (Shenzhen) Limited, a wholly foreign owned enterprise established in the PRC with limited liability.

As at the date of this announcement, the JV Group has not carried out any business. Upon Completion, the JV Group shall commence the Business as detailed in the paragraph headed “Principal business objectives of the JV Group” above.

## **INFORMATION OF THE PARTIES TO THE JOINT VENTURE**

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

The University is a charitable body registered in Scotland, the United Kingdom and incorporated under the Universities (Scotland) Acts.

## **REASONS FOR AND THE BENEFITS OF THE JOINT VENTURE**

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 Joint Venture is to develop and expand cooperation between the Group and the University. The JV Group which shall conduct the Business as detailed in the paragraph headed “Principal business objectives of the JV Group” above. 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 Group 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 the expertise of the University through the Joint Venture, the Board believes that the JV Group acts as a valuable vehicle for initiating such a collaboration, and the cooperation between the parties contemplated under the Joint Venture would be beneficial to and in the interests of the Company and its Shareholders as a whole.

The Directors consider that the terms of the JV Agreement, and the Joint Venture are fair and reasonable and are in the interests of Company and its Shareholders as a whole.

## 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 JV Company by Sino Business pursuant to the Sale and Purchase Agreement
“Board”	the board of the Directors
“BVI”	the British Virgin Islands
“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”	the date of the JV Agreement as agreed among the parties to the JV Agreement
“Director(s)”	the director(s) of the Company
“Funding Agreement”	the funding agreement dated 4 November 2016 and entered into among the University, the JV Company and Mr. Yung Kwok Leong (the father of Mr. Yung Ka Chun, an executive Director), in relation to the funding of the Institute
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“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
“Joint Venture”	the formation of the JV Company pursuant to the terms of the JV Agreement

“JV Agreement”	the joint venture agreement dated 8 March 2018 and entered into among Sino Business, the University and the JV Company, in relation to the establishment of a joint venture using the JV Company to carry on the business pursuant to the terms of the JV Agreement
“JV Company”	Future Health Investments (Scotland) Ltd, a company incorporated in Scotland, the United Kingdom with limited liability
“JV Group”	the JV Company and its subsidiaries
“JV Share(s)”	ordinary share(s) of GBP1.00 each in the share capital of the JV Company
“Outstanding Balance”	GBP772,000 (equivalent to approximately HK\$7,720,000), being the outstanding capital commitment by the JV Company to the University pursuant to the terms of the Funding Agreement
“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
“Sale and Purchase Agreement”	the sale and purchase agreement dated 27 April 2017 in relation to the Acquisition
“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)
“Sino Business”	Sino Business Investment Development Limited, a company incorporated in the BVI with limited liability, a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	the termination agreement dated 6 March 2018 and entered into among the University, the JV Company and Mr. Yung Kwok Leong (the father of Mr. Yung Ka Chun, an executive Director), in relation to the termination of the Funding Agreement
“Territories”	the PRC, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“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
“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, 9 March 2018

*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 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).*