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## **CHINA HEALTHWISE HOLDINGS LIMITED**

**中國智能健康控股有限公司**

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

**(Stock Code: 348)**

### **PROPOSED AMENDMENTS TO THE TERMS AND CONDITIONS OF CONVERTIBLE BOND**

#### **THE SECOND SUPPLEMENTAL AGREEMENT**

The Board is pleased to announce that on 17 August 2022 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Second Supplemental Agreement to amend the Subscription Agreement and the terms and conditions of the Instrument. Pursuant to the Second Supplemental Agreement, the Company and the Subscriber have conditionally agreed:

- (i) to amend and extend the Maturity Date of 10 October 2022 to 10 October 2024 (or if that day is not a Business Day, the immediately following Business Day);
- (ii) to amend the conversion price of the Bond from HK\$1.00 per Conversion Share to HK\$0.38 per Conversion Share; and
- (iii) to amend the Instrument that the Company shall utilise the Specific Mandate for the Conversion Shares for the extended period of the Maturity Date instead of the previous General Mandate which will expire on the original Maturity Date.

Other than the Proposed Amendments above (and the necessary administrative matters to give effect to such changes), no other terms and conditions of the Instrument constituting the Bond have been changed.

#### **LISTING RULES IMPLICATIONS**

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. Accordingly, the Company will apply to the Stock Exchange for the approval of the Proposed Amendments.

The grant of the Specific Mandate for the issue and allotment of the Conversion Shares will also be subject to approval by the Shareholders at the EGM.

## **GENERAL**

The EGM will be convened and held to consider and, if thought fit, approve the Second Supplemental Agreement and the Specific Mandate. A circular containing, among other things, further details of the Second Supplemental Agreement, a notice convening the EGM and a form of proxy will be despatched to the Shareholders on or before 7 September 2022.

## **WARNING**

**Shareholders and potential investors should note that the Second Supplemental Agreement is conditional upon fulfilment of all conditions precedent therein. The transactions contemplated under the Second Supplemental Agreement may or may not materialise. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **BACKGROUND**

References are made to (i) the announcements of the Company dated 8 October 2018, 15 November 2018 and 22 November 2018 and the circular of the Company dated 30 October 2018 in relation to the Subscription; and (ii) the announcements of the Company dated 28 August 2020, 29 August 2020 and 9 October 2020 in relation to the First Supplemental Agreement.

The Company as issuer and the Subscriber as subscriber entered into the Subscription Agreement dated 8 October 2018 in relation to the issue and subscription of the Bond. On 11 October 2018, the Bond in the principal amount of HK\$120.0 million was issued to the Subscriber pursuant to the Subscription Agreement. With effect from 22 November 2018, the conversion rights attached to the Bond have become unconditional and irrevocable.

On 28 August 2020, the Company and the Subscriber entered into the First Supplemental Agreement pursuant to which the Company and the Subscriber agreed to (i) amend and extend the original maturity date of 10 October 2020, being the date falling on the second anniversary of the issue date of the Bond for another two years to 10 October 2022 (or if that day is not a Business Day, the immediately following Business Day); and (ii) amend the Instrument that the Company shall utilise the General Mandate for the Conversion Shares for the then extended period of the maturity date of the Bond instead of the previous specific mandate which will expire on the original maturity date of the Bond (i.e. 10 October 2020).

As at the date of this announcement, the aggregate principal amount of HK\$72.3 million remains outstanding under the Bond held by the Subscriber, being the sole Bondholder.

On 17 August 2022 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Second Supplemental Agreement to amend the Subscription Agreement and the terms and conditions of the Instrument. Pursuant to the Second Supplemental Agreement, the Company and the Subscriber have conditionally agreed:

- (i) to amend and extend the Maturity Date of 10 October 2022 to 10 October 2024 (or if that day is not a Business Day, the immediately following Business Day);
- (ii) to amend the conversion price of the Bond from HK\$1.00 per Conversion Share to HK\$0.38 per Conversion Share; and
- (iii) to amend the Instrument that the Company shall utilise the Specific Mandate for the Conversion Shares for the extended period of the Maturity Date instead of the previous General Mandate which will expire on the original Maturity Date.

Other than the Proposed Amendments above (and the necessary administrative matters to give effect to such changes), no other terms and conditions of the Instrument constituting the Bond have been changed.

## **THE SECOND SUPPLEMENTAL AGREEMENT**

### **Date**

17 August 2022

### **Parties**

The issuer:                      the Company

The subscriber:                the Subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties.

The Subscriber is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding.

### **Effective date**

10 October 2022 (or such later date as may be agreed between the Company and the Subscriber), provided only that all the conditions precedent under the Second Supplemental Agreement have been satisfied on or before the Long Stop Date.

### **Proposed Amendments**

Pursuant to the Second Supplemental Agreement, the Company and the Subscriber have conditionally agreed:

- (i) to amend and extend the Maturity Date of 10 October 2022 to 10 October 2024 (or if that day is not a Business Day, the immediately following Business Day);
- (ii) to amend the conversion price of the Bond from HK\$1.00 per Conversion Share to HK\$0.38 per Conversion Share; and

- (iii) to amend the Instrument that the Company shall utilise the Specific Mandate for the Conversion Shares for the extended period of the Maturity Date instead of the previous General Mandate which will expire on the original Maturity Date.

Other than the Proposed Amendments above (and the necessary administrative matters to give effect to such changes), no other terms and conditions of the Instrument constituting the Bond have been changed.

### **Conditions precedent**

The obligations of the parties as set out in the Second Supplemental Agreement are conditional upon the following conditions precedent having been satisfied on or before the Long Stop Date:

- (a) the passing by the shareholders of Heng Tai at its extraordinary general meeting to be convened of the necessary resolution(s) to approve the Second Supplemental Agreement and the transactions contemplated thereunder;
- (b) the passing by the Shareholders at the EGM to be convened of the necessary resolution(s) to approve the grant of the Specific Mandate to exercise the powers of the Company to allot and issue the Conversion Shares;
- (c) the representations and warranties of the Company as set out in the Subscription Agreement (as amended by the First Supplemental Agreement and the Second Supplemental Agreement) remaining true, accurate and not misleading in each case in accordance with their terms;
- (d) since the date of the Second Supplemental Agreement, there having been, in the opinion of the Subscriber, no material adverse change of the Group;
- (e) the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares to the Company;
- (f) the Stock Exchange having granted approval for the amendments to the Bond; and
- (g) the Company delivering to the Subscriber a cashier's order or a cheque issued by a bank licensed in Hong Kong in the amount of HK\$4,338,000 payable to the Subscriber, being the outstanding accrued interests on the Maturity Date (i.e. 10 October 2022) of the outstanding principal amount of the Bond.

The parties shall use their respective best endeavours to procure the fulfilment of the above conditions precedent, and in the event that any of such conditions is not fulfilled by 5:00 p.m. on the Long Stop Date (without prejudice to the Subscriber's rights thereunder, and under the Subscription Agreement and the Instrument), the Second Supplemental Agreement will automatically be terminated.

## **PRINCIPAL TERMS OF THE BOND**

### **Outstanding principal amount**

HK\$72.3 million

### **Issue price**

100% of the principal amount of the Bond

### **Interest**

The Bond shall bear interest on the outstanding principal amount from and including the date of its issue at 6% per annum. Interest shall be accrued daily on a 365 days basis and is payable annually or with respect to the last payment, on the Maturity Date.

### **Maturity date**

10 October 2022 (or if that day is not a Business Day, the immediately following Business Day), being the amended maturity date of the Bond pursuant to the First Supplemental Agreement, and is conditionally subject to extension to 10 October 2024 under the Second Supplemental Agreement).

### **Conversion price**

HK\$1.00 per Conversion Share, and is conditionally subject to amendment to HK\$0.38 per Conversion Share under the Second Supplemental Agreement. The conversion price shall be subject to adjustment provided in the Bond.

The New Conversion Price of HK\$0.38 per Conversion Share represents:

- (a) a premium of approximately 53.85% over the closing price of HK\$0.247 per Share as quoted on the Stock Exchange on date of this announcement;
- (b) a premium of approximately 42.32% over the average closing price of HK\$0.267 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Second Supplemental Agreement; and
- (c) a premium of approximately 51.39% over the audited net asset value per Share of approximately HK\$0.251 per Share based on the audited net asset value of the Group of HK\$193,064,000 as at 31 December 2021 and 770,480,836 Shares in issue as at the date of this announcement.

### **Adjustments to the conversion price**

The initial conversion price shall be, from time to time, subject to adjustment upon occurrence of any of the following events:

- (i) consolidation or sub-division of the Shares;
- (ii) capitalisation of profits or reserves;

- (iii) capital distribution;
- (iv) offer of new Shares for subscription by way of a rights issue, an open offer or a grant of options or warrants to subscribe for new Shares, at a price which is less than 90% of the market price at the date of the announcement of the terms of such offer or grant per Share to the Shareholders;
- (v) issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share receivable is less than 90% of the market price at the date of the announcement of the terms of issue of such securities, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration receivable per Share initially is less than 90% of such market price at the date of announcement of the terms of such issue;
- (vi) issue of the Shares being made wholly for cash at a price less than 90% of the market price per Share at the date of announcement of the terms of such issue; and
- (vii) issue of the Shares for the acquisition of asset at a total effective consideration per new Share receivable is less than 90% of the market price at the date of the announcement of the terms of such issue.

Any adjustment to the conversion price shall be made to the nearest of a cent so that any amount under half of a cent shall be rounded down and any amount of half of a cent or more shall be rounded up. No adjustment shall be made to the conversion price in any case in which the amount by which the same would be reduced would be less than HK\$0.01 and any adjustment which would otherwise then be required shall not be carried forward.

The Company shall take all necessary action prior to carrying out any action that may render the conversion price being adjusted so that on conversion the Conversion Shares shall fall to be issued at a discount to their nominal value, failing which the Company shall compensate the Bondholder all losses as a result thereto including but not limited to such amount that the Bondholder would be entitled under the adjustment but was being prevented and all costs and expenses.

If any adjustment to be made will render the total number of the Conversion Shares exceeding the Specific Mandate, the Bondholder shall be entitled to convert up to the maximum number of the Conversion Shares and the remaining portion of the principal amount shall be redeemed on the Maturity Date on a dollar-to-dollar basis together with accrued interests.

### **Conversion Shares**

Upon the Proposed Amendments becoming effective, based on the New Conversion Price of HK\$0.38, a maximum number of 190,263,157 Conversion Shares may fall to be allotted and issued upon exercise of the conversion rights in full, which represent:

- (i) approximately 24.69% of the existing issued share capital of the Company as at the date of this announcement; and

- (ii) approximately 19.80% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon exercise of the conversion right in full (assuming that there is no other change in the existing shareholding of the Company).

As amended by the Second Supplemental Agreement, the Conversion Shares shall be allotted and issued under the Specific Mandate to be sought at the EGM.

### **Ranking of the Conversion Shares**

The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares in issue.

### **Conversion period**

Any time up to 4:00 p.m. (Hong Kong time) immediately prior to and exclusive of the Maturity Date.

### **Redemption**

The Company may at any time before the Maturity Date by serving at least seven (7) days' prior written notice to the Bondholder with the total amount proposed to be redeemed from the Bondholder specified therein, redeem the Bond (in whole or in part) at par together with accrued interests provided always that no conversion notice has been served by the Bondholder on or prior to the date the redemption notice is served by the Company to the Bondholder(s). If a conversion notice is served on the same date as a redemption notice is served by the Company, the Bondholder's conversion notice will deem to take priority.

If an event of default has occurred, each Bondholder may require the Company to redeem all or a portion of its Bond, and the Company shall, in addition to and without prejudice to any of its other payment obligations under the instrument constituting the Bond, pay to such Bondholder an additional amount of interest as default interest which shall be payable monthly in cash, such that a total interest rate of 10% per annum shall accrue on the aggregate unpaid principal, interest and/or other amounts owed by the Company to such Bondholder from the relevant due date of such unpaid amount until the date on which has been fully paid by the Company to such Bondholder.

### **Transferability**

Unless the Bondholder(s) transfers the Bond to its subsidiaries or a holding company of the Bondholder(s), the Bondholder(s) may only assign or transfer the Bond to the transferee (other than a connected person of the Company who/which could not be a transferee) subject to the written consent of the Company. The Bond may be assigned or transferred in whole or in part (in whole multiples of HK\$5 million) of its outstanding principal amount upon the payment in full and the Company shall facilitate any such assignment or transfer of the Bond, including making any necessary applications to the Stock Exchange for the said approval (if required).



## **Status of the Bond**

The Bond constitutes direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Bond shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

## **Voting**

The Bondholder(s) shall not be entitled to attend or vote at any meetings of the Company by reason only it being the Bondholder(s).

## **Listing**

No application will be made to the Listing Committee of the Stock Exchange for the listing of the Bond on the Stock Exchange or any other stock exchange.

An 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 Conversion Shares on the Stock Exchange.

## **REASONS FOR AND BENEFITS OF THE PROPOSED AMENDMENTS**

The Bond shall mature on 10 October 2022, which means that the Company shall redeem the Bond in a principal amount of HK\$72.3 million under the circumstance that the Subscriber has not converted the Bond into the Conversion Shares. The extension of the Maturity Date allows the Company to redeem the Bond on a later date before 10 October 2024. The Directors consider that the extension of the Maturity Date provide the Group with flexibility to deploy its financial resources to finance its operation and business development.

The current conversion price of the Bond is HK1.00, which represents a premium of approximately 304.86% to the closing price of the Shares of HK\$0.247 as at the date of this announcement. After revising the conversion price to HK\$0.38, representing a premium of approximately 53.85% to the closing price of the Shares as at the date of this announcement, it shall be more feasible for the Subscriber to exercise the conversion rights attaching to the Bond and convert the Bond into the Shares. The Board is of the view that the reduction in conversion price of the Bond provides a more practical alternative to the Subscriber to capitalise the debt owed by the Company, thereby alleviating the financial burden of the Company.

In respect of the amendment regarding the utilisation of the Specific Mandate in lieu of the previous General Mandate, the Directors consider this amendment is to facilitate the extension of the Maturity Date and the adjustment to of the conversion price, and shall have no impact on the Group.

Based on the above, the Directors consider that the Proposed Amendments are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

No proceeds will be received by the Company as a result of the Proposed Amendments.



## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after the full conversion of the outstanding Bond at the New Conversion Price (assuming that there is no other change in the existing shareholding of the Company) is as follows:

Name of the Shareholder	As at the date of this announcement		Immediately after the full conversion of the outstanding Bond at the New Conversion Price (assuming that there is no other change in the existing shareholding of the Company)	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Eternity Investment Limited (Note 1)	165,662,824	21.50	165,662,824	17.24
Mr. Lei Hong Wai (Note 2)	56,663,636	7.35	56,663,636	5.90
The Subscriber	—	—	190,263,157	19.80
Public Shareholders	<u>548,154,376</u>	<u>71.15</u>	<u>548,154,376</u>	<u>57.06</u>
Total	<u>770,480,836</u>	<u>100.00</u>	<u>960,743,993</u>	<u>100.00</u>

Notes:

1. These Shares were registered in the name of Eternity Finance Group Limited, a wholly-owned subsidiary of RICHE (BVI) LIMITED, which in turn is wholly-owned by Eternity Investment Limited (“Eternity”), the shares of which are listed on the Main Board of the Stock Exchange under stock code: 764.
2. He, an executive Director, is also an executive director of Eternity and by virtue of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), is deemed to be interested in approximately 25.99% of the issued share capital of Eternity.

## EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

## LISTING RULES IMPLICATIONS

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. Accordingly, the Company will apply to the Stock Exchange for the approval of the Proposed Amendments.

The grant of the Specific Mandate for the issue and allotment of the Conversion Shares will also be subject to approval by the Shareholders at the EGM.

## GENERAL

The EGM will be convened and held to consider and, if thought fit, approve the Second Supplemental Agreement and the Specific Mandate. A circular containing, among other things, further details of the Second Supplemental Agreement, a notice convening the EGM and a form of proxy will be despatched to the Shareholders on or before 7 September 2022.

## WARNING

**Shareholders and potential investors should note that the Second Supplemental Agreement is conditional upon fulfilment of all conditions precedent therein. The transactions contemplated under the Second Supplemental Agreement may or may not materialise. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bond”	the convertible bond, in the aggregate principal amount of HK\$120.0 million, which is unsecured and issued by the Company to the Subscriber on 11 October 2018 of which HK\$72.3 million remaining outstanding and held by the Subscriber as at the date of this announcement
“Bondholder(s)”	holder(s) of the Bond
“Business Day”	any day (excluding a Saturday, Sunday and public holiday) on which banks in Hong Kong are open for business throughout their normal business hours
“Company”	China Healthwise Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on the Main Board of the Stock Exchange (stock code: 348)

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Conversion Shares”	the new shares to be allotted and issued by the Company upon the exercise of the conversion right attached to the Bond
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider and, if thought fit, to approve the Second Supplemental Agreement and the Specific Mandate
“First Supplemental Agreement”	the first supplemental agreement dated 28 August 2020 entered into between the Company and the Subscriber in relation to certain amendments to the Bond
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 16 June 2020, to allot, issue and deal with additional Shares and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into Shares) of up to 155,661,167 Shares (taking into account the effect of the capital reorganisation of the Company which has become effective on 6 October 2021)
“Group”	the Company and its subsidiaries
“Heng Tai”	Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 197)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its subsidiaries and not connected with any of the connected persons of the Company or any of their respective associates
“Instrument”	the instrument dated 11 October 2018 (as amended and supplemented by a supplemental instrument dated 10 October 2020 in accordance with the terms of the First Supplemental Agreement) executed by the Company by way of a deed poll constituting the Bond
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	9 October 2022 (or such later date as may be agreed between the Company and the Subscriber) where all of the conditions precedent under the Second Supplemental Agreement have to be satisfied
“Maturity Date”	10 October 2022 (or if that day is not a Business Day, the immediately following Business Day), being the amended maturity date of the Bond pursuant to the First Supplemental Agreement, and is conditionally subject to extension to 10 October 2024 under the Second Supplemental Agreement
“New Conversion Price”	the proposed new conversion price of HK\$0.38 per Conversion Share under the Second Supplemental Agreement, subject to adjustment provided in the Bond
“Proposed Amendments”	the conditional amendments to the Bond as regards (i) the extension of the Maturity Date for two years; (ii) the amendment of the conversion price of the Bond from HK\$1.00 per Conversion Share to HK\$0.38 per Conversion Share; and (iii) to utilize the Specific Mandate in lieu of the General Mandate for the Conversion Shares
“Second Supplemental Agreement”	the second supplemental agreement dated 17 August 2022 entered into between the Company and the Subscriber in relation to the Proposed Amendments
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate for the allotment and issue of the Conversion Shares to be granted to the Directors by the Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Heng Tai Finance Limited, a wholly-owned subsidiary of Heng Tai
“Subscription”	the subscription of the Bond pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 8 October 2018 (as amended and supplemented by the First Supplemental Agreement) entered into between the Company and the Subscriber in relation to the subscription of the Bond
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent.

By order of the Board  
**China Healthwise Holdings Limited**  
**Lei Hong Wai**  
*Chairman and Executive Director*

Hong Kong, 17 August 2022

*As at the date of this announcement, the executive Directors are Mr. Lei Hong Wai (Chairman), Mr. Cheung Kwok Wai Elton (Vice Chairman), Mr. Leung Alex, Ms. Lo Ming Wan, Mr. Tse Chi Keung, and Mr. Yuan Huixia; and the independent non-executive Directors are Mr. Lai Hok Lim, Mr. Lien Wai Hung and Mr. Wong Tak Chuen.*