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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 CAPITAL REORGANISATION

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The Board proposes to implement the Capital Reorganisation which will involve the following:

- (i) the Capital Reduction whereby the nominal or par value of each of the issued Shares will be reduced from HK\$1.00 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of the issued Shares;
- (ii) the Share Sub-division immediately following the Capital Reduction, whereby each of the authorised but unissued Shares of nominal or par value of HK\$1.00 each will be sub-divided into one hundred (100) Adjusted Shares of nominal or par value of HK\$0.01 each;
- (iii) the Share Premium Reduction which will involve the reduction of the amount standing to the credit of the Share Premium Account;
- (iv) the application of the credit arising from the Capital Reduction and the Share Premium Reduction towards setting off of part of the accumulated losses of the Company in a manner as permitted by the Companies Act and other applicable laws; and
- (v) each of the Adjusted Shares arising from the Capital Reorganisation shall rank *pari passu* in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, among other things, (i) further details of the Capital Reorganisation; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Monday, 19 July 2021.

WARNING

Shareholders and potential investors should be aware of and take note that the Capital Reorganisation is conditional upon satisfaction of the conditions set out in the paragraph headed “Conditions of the Capital Reorganisation” above. Accordingly, the Capital Reorganisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

PROPOSED CAPITAL REORGANISATION

The Board proposes the Capital Reorganisation which involves the Capital Reduction, the Share Sub-division and the Share Premium Reduction to be implemented in the following manner:

- (i) the nominal or par value of each of the issued Shares be reduced from HK\$1.00 to HK\$0.01 per issued Share by cancelling the paid up share capital to the extent of HK\$0.99 per issued Share;
- (ii) immediately following the Capital Reduction, each of the authorised but unissued Shares of nominal or par value of HK\$1.00 each will be sub-divided into one hundred (100) Adjusted Shares of nominal or par value of HK\$0.01 each;
- (iii) the reduction of the amount standing to the credit of the Share Premium Account;
- (iv) the application of the credit arising from the Capital Reduction and the Share Premium Reduction towards setting off of part of the accumulated losses of the Company in a manner as permitted by the Companies Act and other applicable laws; and
- (v) each of the Adjusted Shares arising from the Capital Reorganisation shall rank *pari passu* in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$1,500,000,000 divided into 1,500,000,000 Shares, of which 770,480,836 Shares have been issued and are fully paid or credited as fully paid.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Capital Reorganisation becomes effective, the share capital structure of the Company will be as follows:

	As at the date of the announcement	Immediately after the Capital Reorganisation becoming effective
Nominal or par value	HK\$1.00 per Share	HK\$0.01 per Adjusted Share
Authorised share capital	HK\$1,500,000,000.00	HK\$1,500,000,000.00
Number of authorised shares	1,500,000,000	150,000,000,000
Amount of the issued share capital	HK\$770,480,836.00	HK\$7,704,808.36
Number of issued shares	770,480,836 Shares	770,480,836 Adjusted Shares

The size of each board lot of the Adjusted Shares will remain the same as that of the Shares, being 50,000 Adjusted Shares per board lot. The Adjusted Shares will rank *pari passu* in all respects with each other.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon the following conditions being fulfilled:

- (i) the Shareholders' approval of the Capital Reorganisation by way of special resolution at the EGM;
- (ii) an order being made by the Court confirming the Capital Reduction;
- (iii) compliance with any conditions which the Court may impose in relation to the Capital Reduction;
- (iv) registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction;
- (v) compliance with the relevant legal procedures and requirements under the laws of Cayman Islands and the Listing Rules to effect the Capital Reorganisation; and
- (vi) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation.

The Capital Reorganisation will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reorganisation at the EGM, the legal advisers to the Company (as to Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and a further announcement will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed.

As at the date of this announcement, none of the conditions above had been fulfilled.

Application for listing of the Adjusted Shares

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Adjusted Shares upon the Capital Reorganisation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange upon the Capital Reorganisation becoming effective, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS established and operated by HKSCC.

None of the Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becoming effective, the Adjusted Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Exchange of share certificates

As the Court hearing date(s) has yet to be fixed, the effective date of the Capital Reduction is not ascertainable at present. Should the Capital Reorganisation become effective, Shareholders may submit existing certificates for the Shares to the Company's share registrar in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for exchange, at the expense of the Company, within the exchange period from the effective date of the Capital Reorganisation, for certificates for the Adjusted Shares. Details of such free exchange of share certificates will be announced as soon as the effective date of the Capital Reorganisation is ascertained.

All existing certificates of the Shares will continue to be evidence of title to such Shares but they will cease to be valid for trading and settlement purpose.

Adjustments in relation to other securities of the Company

As at the date of this announcement, there is the Bond with conversion rights in an aggregate outstanding principal amount of HK\$81,000,000, which entitles the holder(s) thereof to convert to a maximum of 81,000,000 Shares upon exercise of the conversion rights attaching to the Bond. Under the relevant terms and conditions of the Bond of the Company, the Capital Reorganisation may lead to adjustments to the conversion price of the Bond and the number of Shares falling to be issued upon exercise of the conversion rights pursuant to the terms and conditions of the Bond respectively. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

Save as aforesaid, the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

Reasons for and benefits of the Capital Reorganisation

After the Capital Reorganisation becoming effective, the nominal or par value of the Shares shall be reduced from HK\$1.00 to HK\$0.01 each. The credit arising from the Capital Reduction and the Share Premium Reduction will be applied towards setting off of part of the accumulated losses of the Company in a manner as permitted by the Companies Act and other applicable laws. As such, the Board considers that the Capital Reduction and the Share Premium Reduction will allow the Company to have more flexibility in declaring dividends in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so.

As (i) the Company is not permitted, without order of the Court, to issue new shares below their nominal or par value and (ii) the Shares have been trading below their nominal or par value for more than two years, the Board considers that the Capital Reorganisation will enable the nominal or par value of the Shares to be reduced from HK\$1.00 to HK\$0.01 each and provide flexibility to the Company to issue new shares in the future. It is important for the Shareholders to note that, at this stage, there can be no assurance that any dividends will be declared or paid in the future, or that the Company will issue Adjusted Shares, even if the Capital Reorganisation becomes effective.

Based on the above, the Board is of the view that the Capital Reorganisation is beneficial to and in the interests of the Company and Shareholders as a whole.

Save for applying the credit arising from the Capital Reduction and the Share Premium Reduction towards offsetting part of the accumulated losses of the Company and the expenses to be incurred in relation to the Capital Reorganisation, the Directors consider that the Capital Reorganisation shall have no effect on the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders in the Company.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Capital Reorganisation is set out below. The expected timetable is subject to the satisfaction of all the conditions of the Capital Reorganisation and is therefore for indicative purpose only. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Event	Expected date/time
Expected date of despatch of the circular together with notice of EGM and proxy form for EGM.....	Monday, 19 July 2021
Latest time for lodging transfer documents to qualify for attendance and voting at the EGM.....	4:30 p.m. on Thursday, 5 August 2021

Event	Expected date/time
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM.....	Friday, 6 August 2021 to Wednesday, 11 August 2021 (both dates inclusive)
Latest time for lodging proxy forms for the EGM (not less than 48 hours prior to time of the EGM).....	11:00 a.m. on Monday, 9 August 2021
Expected date and time of the EGM to approve the Capital Reorganisation.....	11:00 a.m. on Wednesday, 11 August 2021
Announcement of the poll results of the EGM	Wednesday, 11 August 2021
The following events are conditional on the poll results of the EGM, and the timetable/availability of and compliance with any requirements imposed by the Court. The dates are therefore tentative.	
Effective date of the Capital Reorganisation	Friday, 26 November 2021
First day of free exchange of existing certificates of the Shares for new certificates for the Adjusted Shares	Friday, 26 November 2021
Commencement of dealings in the Adjusted Shares	9:00 a.m. on Friday, 26 November 2021
Last day and time for free exchange of existing certificates of the Shares for new certificates for the Adjusted Shares	4:10 p.m. on Wednesday, 5 January 2022

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DEFINITIONS

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

“Adjusted Share(s)”	the ordinary share(s) of nominal or par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“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 Heng Tai Finance Limited on 11 October 2018 of which HK\$81.0 million remaining outstanding and held by Heng Tai Finance Limited as at the date of this announcement
“Capital Reduction”	the proposed reduction of the issued share capital of the Company by reducing the nominal or par value of each issued Share from HK\$1.00 to HK\$0.01 by cancelling the paid up share capital to the extent of HK\$0.99 per issued Share
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Capital Reduction, the Share Sub-division and the Share Premium Reduction
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961), of the Cayman Islands as consolidated and revised
“Company”	China Healthwise Holdings 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 under stock code: 348
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Capital Reorganisation
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of nominal or par value of HK\$1.00 each in the share capital of the Company before the Capital Reorganisation
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the proposed reduction of the amount standing to the credit of the Share Premium Account
“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Shares of nominal or par value of HK\$1.00 each into one hundred (100) Adjusted Shares of nominal or par value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s) or the Adjusted Share(s) (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 7 July 2021

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.