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CHINA HEALTHWISE HOLDINGS LIMITED **中國智能健康控股有限公司**

(Formerly known as “Haier Healthwise Holdings Limited
海爾智能健康控股有限公司”)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 348)

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to the circular of the Company dated 11 December 2014 in relation to the Existing Master Purchase Agreement. As the Existing Master Purchase Agreement has expired on 31 March 2017, the Board is pleased to announce that, on 3 April 2017, the Purchaser, a wholly-owned subsidiary of the Company, and the Supplier entered into the New Master Purchase Agreement pursuant to which the Supplier Group agreed to sell the Products to the Purchaser Group and the Purchaser Group agreed to purchase the Products from Supplier Group for a period of three years commencing from 1 April 2017 to 31 March 2020.

LISTING RULES IMPLICATIONS

The Supplier is held by Brisk Mark Holdings Limited, which is owned as to 30% by Mr. Leung Chung Ming and 70% by Mr. Leung, Kenneth Yuk Wai. Since Mr. Leung, Kenneth Yuk Wai is a son of Mr. Leung Lun, M.H., a substantial shareholder, and Mr. Leung Chung Ming is the brother of Mr. Leung Lun, M.H., the Supplier is therefore a connected person of the Company. As such, the transactions under the New Master Purchase Agreement would constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Given that the relevant applicable percentage ratios are more than 5% and the annual consideration payable under the New Master Purchase Agreement by the Group exceeds HK\$10,000,000, the New Master Purchase Agreement is subject to the reporting, announcement, circular, annual review and Independent Shareholders’ approval under the Listing Rules. The Supplier and its associates are required to abstain from voting on the resolution for approving the New Master Purchase Agreement including the Annual Caps.

BACKGROUND

Reference is made to the circular of the Company dated 11 December 2014 in relation to the Existing Master Purchase Agreement. As the Existing Master Purchase Agreement has expired on 31 March 2017, the Board is pleased to announce that, on 3 April 2017, the Purchaser, a wholly-owned subsidiary of the Company, and the Supplier entered into the New Master Purchase Agreement pursuant to which the Supplier Group agreed to sell the Products to the Purchaser Group and the Purchaser Group agreed to purchase the Products from Supplier Group for a period of three years commencing from 1 April 2017 to 31 March 2020.

Summarised below are the principal terms of the New Master Purchase Agreement.

THE NEW MASTER PURCHASE AGREEMENT

Date:

3 April 2017

Parties:

Purchaser: LC Global Holdings Corporation

Supplier: Lung Cheong (BVI) Holdings Limited

Major terms of the New Master Purchase Agreement

Pursuant to the terms of the New Master Purchase Agreement, the Supplier Group agreed to sell the Products to the Purchaser Group and the Purchaser Group agreed to purchase the Products from the Supplier Group for a period of three years commencing from 1 April 2017 to 31 March 2020.

The prices of the products to be offered to the Group under the New Master Purchase Agreement will be determined after arm's length negotiations between the parties from time to time with reference to the prevailing market price of similar products and will be no less favourable to the Company than terms available from independent third parties to the Company having regard to the quantity, specifications and/or other conditions of the products to be offered.

The payment terms of the individual transactions under the New Master Purchase Agreement will be determined by the parties at the time of entering into transactions with reference to factors such as the relevant transactions amount, nature and specification requirement for the particular transactions.

Conditions precedent

The New Master Purchase Agreement is conditional upon:

- (a) the passing of the resolution of the Independent Shareholders at the EGM to approve, ratify and confirm the entering into the New Master Purchase Agreement and the transactions contemplated thereunder; and
- (b) all relevant regulatory requirements in relation to the transactions contemplated in the New Master Purchase Agreement (including but not limited to those under the Listing Rules and all relevant regulatory requirements in Hong Kong) having been complied with and satisfied.

If the above conditions are not fulfilled on or before on 30 June 2017 or such later date as agreed between the Supplier and the Purchaser, the New Master Purchase Agreement shall terminate with immediate effect, neither party shall have any rights or obligations against the other under the New Master Purchase Agreement except for any antecedent breach.

The Annual Caps

It is expected that the total value of the Products to be supplied and sold by the Supplier Group to the Purchaser Group pursuant to the terms of the New Master Purchase Agreement shall not exceed the amounts set out below:

	For the year ending 31 March		
	2018	2019	2020
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Annual Caps	66	72	80

The Annual Caps were arrived at based upon (i) the historical transaction amounts under the Existing Master Purchase Agreement for the three years ended 31 March 2017; (ii) the estimated volume of the products required by the Group; (iii) the prevailing market prices of the Products with terms no less favourable to the Company than terms available from independent third parties to the Company having regard to the quantity, specifications and/or other conditions of the Products to be offered; and (iv) the estimated costs for the supply of such products for each of the relevant financial years under the New Master Purchase Agreement.

The historical transaction amount of purchases by the Group from the Supplier Group for the financial years ended 31 March 2015, 2016 and year ending 31 March 2017 are as follows:

	For the year ended 31 March 2015 <i>HK\$ million</i>	For the year ended 31 March 2016 <i>HK\$ million</i>	For the year ending 31 March 2017 <i>HK\$ million</i>
Annual Caps under the Existing Master Purchase Agreement	60	75	95
Historical transaction amounts under the Existing Purchase Agreement	48	49	42 (up to 28 February 2017)

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE NEW MASTER PURCHASE AGREEMENT

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are development, engineering, manufacturing and sale of toys, commercial kitchen and consumer electronic products.

The main source of manufacturing of the Group's OBM business are mainly subcontracted to the PRC factories owned and operated by the Supplier Group (the "**PRC Factories**"). The Supplier Group has been manufacturing and supplying the Products to the Purchaser Group as external supplier since 1 May 2011. The reliance on the PRC Factories has continued since then due to the OBM segment of the Group has been continuously seeking new and innovative products for its main market, being the market in the United States of America, and the Supplier Group has been manufacturing and supplying the products over the years as part of its PRC Factories Original Development Manufacturing ("**ODM**") strategies. This mutually beneficial business arrangement allows the Group to tap on the PRC Factories' newest product ideas along with our ongoing licensing strategies.

With the Group's OBM segment's recent investment in developing more innovative Products with the Supplier Group, the Directors expects that the Group's purchases of the Products in the coming years will increase in line with the estimated increase in sales of the Products by the Group.

The New Master Purchase Agreement is in fact a continuation and renewal of the Existing Master Purchase Agreement which commenced from 1 April 2014 and expired on 31 March 2017. The Supplier Group has been supplying the Products to the Purchaser Group under the initial master purchase agreement commenced 1 May 2011, and has been able to meet the Group's stringent quality requirements and delivery schedules. The stable and well established cooperation history between the Purchaser Group and the Supplier Group will ensure the Group to save management time and resources, as well as to better capture operation efficiency as a whole. In the coming years, whilst the Group will purchase the Products from the PRC Factories to meet orders from our customers, the Group will continue to source and identify new independent and capable subcontractors for its OBM business according to its production requirements, costs and production capacities.

The Directors considered entering into of the New Master Purchase Agreement will enable the Group to maintain the normal course of business, whilst offering management more time to engage other independent subcontractors for its manufacturing requirements. The Group will transfer more suitable and selective production to its Indonesian factory.

Given that the New Master Purchase Agreement was entered into in the ordinary and usual course of business of the Group, the Directors (excluding the independent non-executive Directors, who will form their view after considering the advice from an independent financial adviser to be appointed) consider that the transactions contemplated under the New Master Purchase Agreement, including the Annual Caps, are fair and reasonable and is in the interest of the Company and Shareholders as a whole.

INFORMATION ON THE PARTIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are development, engineering, manufacturing and sale of toys, commercial kitchen and consumer electronic products.

The Supplier Group is principally engaged in the manufacturing, distribution and trading of toys and related products, including but not limited to consumer electronic products, radio control/ wireless products, and electronic and plastic toys.

IMPLICATION OF THE LISTING RULES

The Supplier is held by Brisk Mark Holdings Limited which is owned as to 30% by Mr. Leung Chung Ming and 70% by Mr. Leung, Kenneth Yuk Wai. Since Mr. Leung, Kenneth Yuk Wai is a son of Mr. Leung Lun, M.H., a substantial Shareholder, and Mr. Leung Chung Ming is the brother of Mr. Leung Lun, M.H., the Supplier is therefore a connected person of the Company. As such, the transactions under the New Master Purchase Agreement would constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Given that the relevant applicable percentage ratios are more than 5% and the annual consideration payable under the New Master Purchase Agreement by the Group exceeds HK\$10,000,000, the New Master Purchase Agreement is subject to the reporting, announcement, circular, annual review and Independent Shareholders' approval under the Listing Rules. The Supplier and its associates are required to abstain from voting on the resolution for approving the New Master Purchase Agreement including the Annual Caps.

GENERAL

A circular containing, among other things, details of the New Master Purchase Agreement, a letter from the independent financial adviser containing its advice to the Independent Board Committee on the New Master Purchase Agreement, including the Annual Caps, the recommendation of the Independent Board Committee regarding the New Master Purchase Agreement, including the Annual Caps, to the Independent Shareholders and the notice of the EGM is expected to be despatched to the Shareholders on or before 27 April 2017.

DEFINITIONS

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

“Annual Caps”	the annual aggregate maximum amount of purchase of the Products payable by the Purchaser Group to the Supplier Group under the New Master Purchase Agreement
“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Company”	China Healthwise Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company from time to time
“EGM”	an extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other matters, the New Master Purchase agreement and the transactions contemplated thereunder, including the Annual Caps
“Existing Master Purchase Agreement”	the framework purchase agreement dated 23 October 2014 entered into between the Purchaser and the Supplier in relation to the purchase of the Products by the Purchaser Group from the Supplier Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent board committee of the Company to be established and will comprise all the independent non-executive Directors for the purpose of advising the Independent Shareholders in relation to the New Master Purchase Agreement and the transactions contemplated thereunder, including the Annual Caps
“Independent Shareholders”	Shareholders other than the Supplier and its respective associates
“Indonesia”	the Republic of Indonesia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Master Purchase Agreement”	the framework purchase agreement dated 3 April 2017 entered into between the Purchaser and the Supplier in relation to the purchase of the Products by the Purchaser Group from the Supplier Group
“OBM”	Original Brand Manufacturing
“PRC”	the People’s Republic of China and for the purpose of this announcement, exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Products”	consumer electronic products, radio control/wireless products, electronic and plastic toys of the Supplier Group
“Purchaser”	LC Global Holdings Corporation, being a wholly-owned subsidiary of the Company as at the date of this announcement
“Purchaser Group”	the Purchaser and its subsidiaries
“Share(s)”	ordinary shares of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

“Supplier”	Lung Cheong (BVI) Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, being held by Brisk Mark Holdings Limited which is owned as to 30% by Mr. Leung Chung Ming and 70% by Mr. Leung, Kenneth Yuk Wai as at the date of this announcement
“Supplier Group”	the Supplier and its subsidiaries
“%”	per cent

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

Hong Kong, 3 April 2017

As at the date of this announcement, the executive Directors are Mr. Lei Hong Wai (Chairman), Mr. Leung Alex (Vice Chairman), Mr. Tse Chi Keung, Mr. Lee Chan Wah and Ms. Lo Ming Wan; the non-executive Director is Mr. Diao Yunfeng; and the independent non-executive Directors are Mr. Wong Tak Chuen, Mr. Lai Hok Lim and Mr. Lien Wai Hung.