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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)

PLACING OF NEW SHARES
UNDER THE GENERAL MANDATE

Placing Agent

 **KINGSTON SECURITIES**

On 21 March 2018 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 1,420,000,000 Placing Shares at the Placing Price of HK\$0.11 per Placing Share to currently expected to be not less than six Placees who are professional, institutional, or other investors that are third parties independent of the Company and its connected persons. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of Placing, a maximum of 1,420,000,000 Placing Shares under the Placing represents approximately 20.00% of the issued share capital of the Company as at the date of this announcement, and approximately 16.66% of the issued share capital as enlarged by the issue of the Placing Shares.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$156 million and approximately HK\$150 million, respectively.

The Company intends to apply (i) approximately HK\$120 million of the proceeds from the Placing on money lending business; and (ii) approximately HK\$30 million of the proceeds from the Placing as general working capital and/or future investment opportunities. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable, and the Placing will strengthen the Group's financial position, widen the Company's shareholder base and is in the interests of the Company and the Shareholders as a whole.

As completion of the Placing may or may not take place, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENT

Date

21 March 2018 (after trading hours of the Stock Exchange)

Parties

Issuer : The Company

Placing Agent : Kingston Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Placing

The Placing Agent has conditionally agreed to place, or procure the placing of, up to 1,420,000,000 Placing Shares at the Placing Price of HK\$0.11 per Placing Share on a best effort basis and will receive a placing commission of 3.5% of the Placing Price multiplied by the actual number of Placing Shares placed by the Placing Agent (i.e. the gross proceeds from the Placing).

The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market commission rate for similar transactions. The Directors are of the view that the placing commission is fair and reasonable.

Places

The Placing Agent will place the Placing Shares to professional, institutional, or other investors that are third parties independent of the Company and its connected persons. It is currently expected that the Placing Shares will be placed to not less than six Places.

Number of Placing Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of Placing, the maximum number of 1,420,000,000 Placing Shares under the Placing represents approximately 20.00% of the issued share capital of the Company as at the date of this announcement, and approximately 16.66% of the issued share capital as enlarged by the issue of the Placing Shares. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$142,000,000.

Placing Price

The Placing Price is HK\$0.11 per Placing Share which represents:

- (a) a discount of approximately 13.39% to the closing price of HK\$0.127 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a discount of approximately 15.77% to the average closing price of HK\$0.1306 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined on an arm's length basis between the Company and the Placing Agent and with reference to the prevailing market price of the Shares. The Directors consider that the Placing Price is fair and reasonable based on the current market conditions.

Placing Shares

The Placing Shares will be allotted and issued under the General Mandate granted to the Board at the AGM held on 8 September 2017 pursuant to which the Board is authorised to allot, issue and deal with up to 1,420,261,672 Shares. As at the date of this announcement, the Company had not utilised the General Mandate and the maximum of 1,420,000,000 Placing Shares under the Placing represents approximately 99.98% of the entire General Mandate.

The allotment and issue of the Placing Shares is not subject to any additional Shareholders' approval.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Conditions precedent

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant listing of, and permission to deal in the Placing Shares; and
- (ii) the obligations of the Placing Agent becoming unconditional and the Placing Agreement not being terminated.

If the above conditions are not satisfied and/or waived (other than condition (i) which cannot be waived) at or before 5:00 p.m. on 16 April 2018, being fifteenth business day after the date of the Placing Agreement, 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 under the Placing Agreement will forthwith cease and determine and no party will have any claim against the other (save for any antecedent breaches).

Completion

Completion of the Placing will take place within four Business Days after the fulfilment of the conditions as set out above or such other date to be agreed between the Company and the Placing Agent in writing (the “**Completion Date**”).

Termination of the Placing Agreement

Pursuant to the Placing Agreement, the Placing Agent is entitled to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in its absolute opinion, the success of the Placing would be materially and adversely affected by any of the following force majeure events:

- (i) the introduction of any new laws or regulations or any changes in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any natures 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;
- (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 the 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 (such success being the placing of the Placing Shares to 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 or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing 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.

Pursuant to the Placing Agreement, 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 the any announcement(s) relating to the Placing Agreement relating to the Placing, if applicable; or
- (iii) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate, in material respects, if repeated and the Placing Agent shall determine 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 notice pursuant to the paragraph above, all obligations of the Company or the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other party of the Placing Agreement in respect of any matter arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in development, engineering, manufacturing and sale of toys, commercial kitchen and consumer electronic products, sales of Chinese health products, investment in securities and money lending.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$156 million and approximately HK\$150 million respectively. The net placing price per Placing Share will be HK\$0.106.

The Company intends to apply (i) approximately HK\$120 million of the proceeds from the Placing on money lending business; and (ii) approximately HK\$30 million of the proceeds from the Placing as general working capital and/or future investment opportunities. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable, and the Placing will strengthen the Group's financial position, widen the Shareholders base and is in the interests of the Company and the Shareholders as a whole.

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

Set out below are the equity fund raising activities of the Company in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds	Proposed use of proceeds	Actual use of proceeds
11 May 2017, 24 May 2017 and 12 June 2017	Issuance of 819,914,000 new shares of the Company at a placing price HK\$0.14 per share	Approximately HK\$110.69 million	(i) Approximately HK\$95 million was intended to be used on future investment opportunities; and (ii) Approximately HK\$15 million was intended to be used as general working capital required for the development of the trading and retail business of 參茸 (Sum Yung) and dried seafood products in Hong Kong following the acquisition of Nam Pei Hong	(i) Approximately HK\$95 million was used up as intended; and (ii) Approximately HK\$15 million will be utilised as intended
30 March 2017 and 2 May 2017	Issuance of 363,636,363 new shares of the Company at a subscription price HK\$0.165 per share	Approximately HK\$59.9 million	Intended to be used for (i) the acquisition of the entire issued share capital of Ace Season Holdings Limited and its shareholder's loan and/or (ii) general working capital	All net proceeds were used up as intended

Save as disclosed above, the Company had not carried out any other equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY UPON COMPLETION OF THE PLACING

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming the maximum number of Placing Shares are placed and there is no change in the share capital of the Company from the date of this announcement up to the Completion Date) are set out as follows:

	As at the date of this announcement		Immediately upon completion of the Placing	
	Number of Shares held	Approximate % of total Shares in issue	Number of Shares held	Approximate % of total Shares in issue
Lung Cheong Investment Limited (<i>Note 1</i>)	775,332,240	10.92	775,332,240	9.10
Eternity Finance Group Limited (<i>Note 2</i>)	708,396,000	9.97	708,396,000	8.31
The Placees	–	–	1,420,000,000	16.66
Other public shareholders	5,617,580,120	79.11	5,617,580,120	65.93
	<u>7,101,308,360</u>	<u>100.00</u>	<u>8,521,308,360</u>	<u>100.00</u>

Notes:

1. Lung Cheong Investment Limited is wholly-owned by Rare Diamond Limited. Rare Diamond Limited is beneficially owned as to 70% by Mr. Leung Lun, M.H., former executive Director, and 30% by Mr. Leung Chung Ming, who is the brother of Mr. Leung Lun, M.H.
2. Eternity Finance Group Limited is wholly-owned by Riche (BVI) Limited, which in turn, is wholly-owned by Eternity Investment Limited.

As completion of the Placing may or may not take place, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 8 September 2017
“Board”	the board of Directors
“Business Day(s)”	a day(s) (excluding Saturday) on which banks are open for business in Hong Kong
“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 in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individuals, corporate, institutional or other investor(s) procured by the Placing Agent or its agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement

“Placing”	the placing of up to 1,420,000,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 21 March 2018 in relation to the Placing
“Placing Price”	HK\$0.11 per Placing Share
“Placing Shares”	up to 1,420,000,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	The People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, Macao Special Administrative Region and Taiwan
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“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
China Healthwise Holdings Limited
Lei Hong Wai
Chairman and Executive Director

Hong Kong, 21 March 2018

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.