

*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.*

## **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 AND PROPOSED CHANGE IN BOARD LOT SIZE**

#### **PROPOSED CAPITAL REORGANISATION**

The Company proposes to implement the Capital Reorganisation which involve the Share Consolidation, the Capital Reduction and the Share Sub-division as follows:

**(1) Share Consolidation**

Every ten (10) Existing Shares of nominal value of HK\$0.10 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of nominal value of HK\$1.00 each.

**(2) Capital Reduction**

The Capital Reduction will be effected immediately upon the Share Consolidation becoming effective, pursuant to which (i) the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation; and (ii) the nominal value of each of the then issued Consolidated Shares will be reduced from HK\$1.00 to HK\$0.10 by cancelling the paid-up capital of the Company to the extent of HK\$0.90 on each of the then issued Consolidated Shares. The credits arising from (a) such reduction of the paid up capital; and (b) the cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be applied towards cancelling the accumulated losses of the Company as at the effective date of the Capital Reduction, the excess of which (if any) will be credited to the distributable reserve account of the Company in accordance with the articles of association of the Company.

**(3) Share Sub-division**

Immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of nominal value of HK\$1.00 each will be sub-divided into ten (10) New Shares of nominal value of HK\$0.10 each.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

The Company also proposes to change the board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 10,000 New Shares upon the Capital Reorganisation becoming effective.

## **GENERAL**

EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing further information in respect of the Capital Reorganisation and the Change in Board Lot Size and a notice to convene the EGM will be despatched to the Shareholders on or before 21 December 2018.

## **WARNING**

**The Capital Reorganisation is conditional upon satisfaction of all conditions precedent set out in this announcement, and the Change in Board Lot Size is conditional upon the Capital Reorganisation becoming effective. Accordingly, the Capital Reorganisation and the Change in Board Lot Size may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **PROPOSED CAPITAL REORGANISATION**

The Company proposes to implement the Capital Reorganisation which involve the Share Consolidation, the Capital Reduction and the Share Sub-division as follows:

### **(1) Share Consolidation**

Every ten (10) Existing Shares of nominal value of HK\$0.10 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of nominal value of HK\$1.00 each.

### **(2) Capital Reduction**

The Capital Reduction will be effected immediately upon the Share Consolidation becoming effective, pursuant to which (i) the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation; and (ii) the nominal value of each of the then issued Consolidated Shares will be reduced from HK\$1.00 to HK\$0.10 by cancelling the paid-up capital of the Company to the extent of HK\$0.90 on each of the then issued Consolidated Shares. The credits arising from (a) such reduction of the paid up capital; and (b) the cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be applied towards cancelling the accumulated losses of the Company as at the effective date of the Capital Reduction, the excess of which (if any) will be credited to the distributable reserve account of the Company in accordance with the articles of association of the Company.

### **(3) Share Sub-division**

Immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of nominal value of HK\$1.00 each will be sub-divided into ten (10) New Shares of nominal value of HK\$0.10 each.

### **Conditions of the Capital Reorganisation**

The Capital Reorganisation is conditional upon:

- (i) the passing of the special resolution by the Shareholders to approve the Capital Reorganisation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and the New Shares which may fall to be allotted and issued upon exercise of the Share Options and conversion of the Bond;
- (iii) the compliance with the relevant procedures and requirements under the laws of Cayman Islands and the Listing Rules to effect the Capital Reorganisation; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

### **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 15,000,000,000 Existing Shares of HK\$0.10 each and US\$4,000,000 divided into 40 preference shares of US\$100,000 each, of which 8,521,308,360 Existing Shares have been issued and fully paid or credited as fully paid. Assuming there will be no change in the share capital of the Company from the date of this announcement until the effective date of the Capital Reorganisation, the authorised share capital of the Company will be HK\$1,500,000,000 divided into 15,000,000,000 New Shares of nominal value of HK\$0.10 each and US\$4,000,000 divided into 40 preference shares of US\$100,000 each, of which 852,130,836 New Shares will be in issue and the aggregate nominal value of the issued share capital of the Company will be HK\$85,213,083.6 upon the Capital Reorganisation becoming effective.

Based on the 8,521,308,360 Existing Shares of HK\$0.10 each in issue as at the date of this announcement and the 852,130,836 New Shares of HK\$0.10 each immediately upon the Capital Reorganisation becoming effective, a credit of HK\$766,917,752.4 will arise as a result of the Capital Reorganisation. It is proposed that the total credit arising in the accounts of the Company from the Capital Reorganisation will be applied towards cancelling the accumulated losses of the Company upon the Capital Reorganisation becoming effective. Any excess of such credits will be transferred to the distributable reserve account of the Company which may be utilised by the Board in any manner as the Board may deem fit as may be permitted under the applicable laws.

Shareholders and potential investors should note that the credits arising in the books from the Capital Reorganisation will be subject to change depending on the number of the Existing Shares in issue immediately prior to the Capital Reorganisation becoming effective.

Assuming no further Existing Shares will be issued or repurchased after the date of this announcement but prior to the effective date of the Capital Reorganisation, the effect of the Capital Reorganisation and the share capital structure of the Company is summarised below:

	<b>As at the date of this announcement</b>	<b>Immediately after the Capital Reorganisation</b>
Nominal value	HK\$0.10 per Existing Share and US\$100,000 per preference share	HK\$0.10 per New Share and US\$100,000 per preference share
Authorised share capital	HK\$1,500,000,000.00 and USD4,000,000.00	HK\$1,500,000,000.00 and USD4,000,000.00
Number of authorised shares	15,000,000,000 Existing Shares and 40 preference shares of US\$100,000 each	15,000,000,000 New Shares and 40 preference shares of US\$100,000 each
Number of issued shares	8,521,308,360 Existing Shares	852,130,836 New Shares
Issued share capital	HK\$852,130,836.0	HK\$85,213,083.6

Other than the relevant expenses, including but not limited to professional fees and printing charges to be incurred, the implementation of the Capital Reorganisation will have no material effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the proportionate interests of the Shareholders, save for any fractional New Shares to which Shareholders may be entitled. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

### **Status of the New Shares**

All New Shares in issue immediately following the Capital Reorganisation becoming effective will rank pari passu in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

## **Listing Application**

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 New Shares arising from the Capital Reorganisation and the New Shares which may fall to be allotted and issued upon exercise of the Share Options and conversion of the Bond.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange upon the Capital Reorganisation becoming effective, as well as compliance with the stock admission requirements of HKSCC, the New 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 New 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.

## **Adjustment in relation to other securities of the Company**

As at the date of this announcement, there were (i) 340,000,000 Share Options; and (ii) the Bond with conversion rights in an aggregate principal amount of HK\$120,000,000, which entitles the holder(s) thereof to convert to a maximum of 1,200,000,000 Existing Shares upon exercise of the conversion rights attaching to the Bond. Under the relevant terms and conditions of the Share Option Scheme and the Bond, the Capital Reorganisation may lead to adjustments to the exercise price and number of Share Options, and 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 Existing Shares as at the date of this announcement.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 2,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 10,000 New Shares upon the Capital Reorganisation becoming effective.

Based on the closing price of HK\$0.070 per Existing Share (equivalent to the closing price of HK\$0.70 per New Share) on the date of this announcement, the value of each board lot of 10,000 New Shares (assuming that the Capital Reorganisation had already become effective) would be HK\$7,000. The Change in Board Lot Size will not, by itself, affect any rights of the Shareholders.

## **OTHER ARRANGEMENTS**

### **Fractional New Shares**

Fractional New Shares, if any, arising from the Capital Reorganisation will not be issued to the Shareholders but all such fractional New Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional New Shares will only arise in respect of the entire shareholding of a Shareholder in the Existing Shares regardless of the number of share certificates held by such Shareholder.

### **Odd lots arrangement and matching service**

In order to facilitate the trading of odd lots, if any, of the New Shares, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to purchase odd lots for making up a full board lot, or to sell their holding of odd lots of the New Shares. There is no guarantee provided for the matching of the sale and purchase of odd lots of the New Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders in respect of the Capital Reorganisation and the Change in Board Lot Size.

### **Free exchange of New Shares certificates**

Subject to the Capital Reorganisation becoming effective which is expected to be on Monday, 15 April 2019, the Shareholders may during the period from Monday, 15 April 2019 to Monday, 27 May 2019 (both days inclusive) between 9:00 a.m. and 4:00 p.m. on any Business Day, submit their existing share certificates for the Existing Shares to the Company's share registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the New Shares.

Thereafter, each existing share certificate for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each share certificate for the Existing Shares cancelled or each new share certificate issued for the New Shares, whichever the number of share certificates cancelled/issued is higher. The existing share certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates the New Shares at any time after 4:00 p.m. on Thursday, 23 May 2019, but will cease to be valid for delivery, trading and settlement purposes.

## **REASONS FOR THE CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer is required either to change the trading method or to proceed with a consolidation or splitting of its securities. In view of the recent trading price of the Existing Shares, the Board proposes to implement the Capital Reorganisation in order to comply with the trading requirements of the Listing Rules. In addition, the Capital Reorganisation will also provide the Company with greater flexibility in possible fund raisings in the future. As at the date of the announcement, the Company has no concrete plan or intention for any fund raising activity for the Group in the coming 12 months. The Directors further confirm that there is no intention to carry out other corporate action in the next 12 months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation and Change in Board Lot Size.

As the board lot value after the Capital Reorganisation and the Change in Board Lot Size, calculated based on the closing price on the date of this announcement, will be HK\$7,000, which is over the minimum transaction costs for a securities trade of HK\$2,000 but not too high, the Board considers that the Capital Reorganisation and the Change in Board Lot Size is in the interests of the Company and the Shareholders as a whole.

## **EXPECTED TIMETABLE**

The tentative timetable for the Capital Reorganisation and the Change in Board Lot Size is set out below:

<b>Event</b>	<b>Time and date</b>
Expected date of despatch of the circular with notice and proxy form of the EGM .....	Friday, 21 December 2018
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM. ....	4:30 p.m. on Wednesday, 9 January 2019
Closure of register of members of the Company for the entitlement to attend and vote at the EGM .....	Thursday, 10 January 2019 to Monday, 14 January 2019 (both days inclusive)

<b>Event</b> .....	<b>Time and date</b>
Latest time for lodging the proxy form of the EGM (not less than 48 hours prior to the time of the EGM) .....	11:00 a.m. on Saturday, 12 January 2019
Date and time of the EGM .....	11:00 a.m. on Monday, 14 January 2019
Announcement of poll results of the EGM .....	Monday, 14 January 2019
<i>The following events are conditional on the results of the EGM and the approval from the relevant court of the Cayman Islands and therefore the dates are tentative:</i>	
Effective date of the Capital Reorganisation .....	Monday, 15 April 2019
Commencement of dealings in the New Shares .....	9:00 a.m. on Monday, 15 April 2019
Original counter for trading in the Existing Shares in board lots of 2,000 Existing Shares (in the form of existing share certificates) temporarily closes .....	9:00 a.m. on Monday, 15 April 2019
Temporary counter for trading in the New Shares in board lots of 200 New Shares (in the form of existing share certificates) opens .....	9:00 a.m. on Monday, 15 April 2019
First day of free exchange of the existing share certificates for new share certificates for the New Shares .....	Monday, 15 April 2019
Original counter for trading in the New Shares in board lots of 10,000 New Shares (in the form of new share certificates) re-opens .....	9:00 a.m. on Thursday, 2 May 2019
Parallel trading in the New Shares (in the form of new share certificates and existing share certificates) commences .....	9:00 a.m. on Thursday, 2 May 2019
Designated broker starts to stand in the market to provide matching services for odd lots of the New Shares .....	9:00 a.m. on Thursday, 2 May 2019



<b>Event</b>	<b>Time and date</b>
Temporary counter for trading in the New Shares in board lots of 200 New Shares (in the form of existing share certificates) closes .....	4:00 p.m. on Thursday, 23 May 2019
Parallel trading in the New Shares (in the form of new share certificates and existing share certificates) ends .....	4:00 p.m. on Thursday, 23 May 2019
Designated broker ceases to stand in the market to provide matching services for odd lots of the New Shares .....	4:00 p.m. on Thursday, 23 May 2019
Last day for free exchange of existing share certificates for new share certificates for the New Shares .....	Monday, 27 May 2019

*All times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable set out above is indicative only and may be subject to changes. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.*

## **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, further details on the Capital Reorganisation and the Change in Board Lot Size and a notice of the EGM together with a proxy form will be despatched to the Shareholders on or before 21 December 2018.

## **WARNING**

**The Capital Reorganisation is conditional upon satisfaction of all conditions precedent set out in this announcement, and the Change in Board Lot Size is conditional upon the Capital Reorganisation becoming effective. Accordingly, the Capital Reorganisation and the Change in Board Lot Size may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“Board”	the board of Directors
“Bond”	the convertible bond in an aggregate principal amount of HK\$120 million issued by the Company to the Subscriber on 11 October 2018

“Business Day”	a day (other than a Saturday, Sunday or public holidays or days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business
“Capital Reduction”	the cancellation of any fraction in the issued share capital of the Company arising as a result of the Share Consolidation (if applicable) and the proposed reduction of the nominal value of each of the then issued Consolidated Shares from HK\$1.00 to HK\$0.10 by cancelling the paid-up capital to the extent of HK\$0.90 on each of the then issued Consolidated Shares
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Share Consolidation, the Capital Reduction and the Share Sub-division
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Existing Shares for the trading on the Stock Exchange from 2,000 Existing Shares to 10,000 New Shares upon the Capital Reorganisation becoming effective
“Company”	China Healthwise Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange under stock code: 348
“Consolidated Share(s)”	ordinary share(s) of HK\$1.0 each in the issued and unissued share capital of the Company upon the Share Consolidation but before the Capital Reduction and the Share Sub-division becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Capital Reorganisation
“Existing Share(s)”	ordinary share(s) of HK\$0.1 each in the issued and unissued share capital of the Company before the Share Consolidation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	the ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Share Options”	the total of 340,000,000 outstanding share options granted by the Company pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 14 September 2012
“Share Consolidation”	the proposed share consolidation of every ten (10) issued and unissued Existing Shares of nominal value of HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share of nominal value of HK\$1.00 each
“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Consolidated Shares of nominal value of HK\$1.00 each into ten (10) New Shares of nominal value of HK\$0.10 each
“Share(s)”	Existing Share(s), Consolidated Share(s) and/or New Share(s), as the case may be
“Shareholder(s)”	the holder(s) of the issued 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, 10 December 2018

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