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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)

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

THE SUPPLEMENTAL AGREEMENT

The Board is pleased to announce that on 28 August 2020 (after trading hours of the Stock Exchange), the Subscriber and the Company entered into the Supplemental Agreement to amend the Subscription Agreement and the terms and conditions of the Instrument. Pursuant to the Supplemental Agreement, the Company and the Subscriber have conditionally agreed (i) to 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) to amend the Instrument that the Company shall utilise the General Mandate for the Conversion Shares for the extended period of the Maturity Date instead of the previous Specific Mandate which will expire on the original Maturity Date of the Bond.

Other than the extension of the Maturity Date and the amendments regarding the utilisation of the General Mandate in lieu of the Specific Mandate (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 IMPLICATION

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. The Company will apply to the Stock Exchange for the approval of the Proposed Amendments.

Upon exercise of the right of conversion attaching to the Bonds, 855,000,000 Conversion Shares will be allotted and issued to the Bondholders based on the initial conversion price of HK\$0.1 (subject to adjustments). As at the date of this announcement, the General Mandate has not been utilised and therefore all the Conversion Shares would be allotted and issued pursuant to the General Mandate.

BACKGROUND

Reference is made to 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.

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. The Bond in the principal amount of HK\$120,000,000 was issued to the Bondholder pursuant to the Subscription Agreement on 11 October 2018, and with effect from 22 November 2018, the conversion rights attached to the Bond have become unconditional and irrevocable.

As at the date of this announcement, the aggregate principal amount of HK\$85,500,000 remains outstanding under the Bond held by the Subscriber, being the sole Bondholder.

THE SUPPLEMENTAL AGREEMENT

Date

28 August 2020

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 the provision of treasury services.

Effective date

10 October 2020 (provided only that all the Conditions Precedent have been satisfied by the Subscriber in writing on or before the Long Stop Date)

Proposed Amendments

Pursuant to the Supplemental Agreement, the Company and the Subscriber have conditionally agreed (i) to 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) to amend the Instrument that the Company shall utilise the General Mandate for the Conversion Shares for the extended period of the Maturity Date instead of the previous Specific Mandate which will expire on the original Maturity Date of the Bond.

Other than the extension of the Maturity Date and the amendments regarding the utilisation of the General Mandate in lieu of the Specific Mandate (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 Supplemental Agreement are conditional upon the following conditions precedent having been satisfied on or before the Long Stop Date:

- (i) the passing by the shareholders of Heng Tai at its extraordinary general meeting to be convened of the necessary resolution(s) to approve the Supplemental Agreement and the transactions contemplated thereunder;
- (ii) the representations and warranties of the Company as set out in the Subscription Agreement (as amended by the Supplemental Agreement) remaining true, accurate and not misleading in each case in accordance with their terms;
- (iii) since the date of the Supplemental Agreement, there having been, in the opinion of the Subscriber, no material adverse change;
- (iv) the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares to the Company;
- (v) the Stock Exchange having granted approval for the amendments to the Bond;
- (vi) there exist sufficient amount of the General Mandate to be utilised for the initial conversion of the principal amount of the Bond into Conversion Shares; and
- (vii) 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\$5,144,054.79 payable to the Subscriber, being the outstanding accrued interests on the original maturity date of the outstanding principal amount of the Bond.

The parties shall use their respective best endeavours to procure the fulfilment of the 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 Supplemental Agreement will automatically be terminated.

PRINCIPAL TERMS OF THE BOND

Outstanding principal amount

HK\$85,500,000

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 2020, being the second anniversary of the date of issue of the Bond (and is conditionally subject to extension to 10 October 2022 under the Supplemental Agreement).

Conversion price

HK\$0.1 per Conversion Share, which shall be subject to adjustment provided in the Bond.

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 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 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 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 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 one-tenth of a cent so that any amount under half of one-tenth of a cent shall be rounded down and any amount of half of one-tenth 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 one-tenth of cent 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 General 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

Based on the initial conversion price of HK\$0.1, a maximum number of 855,000,000 Conversion Shares may fall to be allotted and issued upon exercise of the conversion rights in full, which represent:

- (i) approximately 11.1% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 10.0% 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 Supplemental Agreement, the Conversion Shares shall be allotted and issued under the General Mandate.

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 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 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 2020, which means that the Company shall redeem the Bond in a principal amount of HK\$85,500,000 under the circumstance that the Subscriber has not converted the Bond into Conversion Shares. The extension of the Maturity Date allows the Company to redeem the Bond to a later date before 10 October 2022. 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.

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

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

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. The Company will apply to the Stock Exchange for the approval of the Proposed Amendments.

Upon exercise of the right of conversion attaching to the Bonds, 855,000,000 Conversion Shares will be allotted and issued to the Bondholders based on the initial conversion price of HK\$0.1 (subject to adjustments). As at the date of this announcement, the General Mandate has not been utilised and therefore all the Conversion Shares would be allotted and issued pursuant to the General Mandate.

DEFINITIONS

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

“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\$120,000,000, which is unsecured and issued by the Company to the Subscriber on 11 October 2018 of which HK\$85.5 million remaining outstanding and held by the Subscriber as at the date of this announcement
“Bondholders”	holders of the Bond
“Business Day”	any day (excluding a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“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
“Conditions Precedent”	the conditions precedent under the Supplemental Agreement
“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
“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 1,556,611,672 Shares

“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 under stock code: 197
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 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 2020 where all of the Conditions Precedent have to be satisfied
“Maturity Date”	in respect of each Bond, the date falling on the second anniversary of the issue date
“Proposed Amendments”	the conditional amendments to the Bond as regards the extension of the Maturity Date for two years and to utilise the General Mandate in lieu of the Specific Mandate for the Conversion Shares
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate granted to the Directors at the extraordinary general meeting of the Company held on 15 November 2018 to allot and issue the Conversion Shares upon conversion of the Bond
“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 entered into between the Subscriber and the Company in relation to the subscription of the Bond
“Supplemental Agreement”	the supplemental agreement dated 28 August 2020 entered into between the Company and the Subscriber in relation to the Proposed Amendments
“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, 28 August 2020

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.