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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 SHARE CONSOLIDATION

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The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Shares of HK\$0.1 each will be consolidated into one (1) Consolidated Share of HK\$1.0 each.

The Shares are currently traded on the Stock Exchange in board lots of 50,000 Shares. Upon the Share Consolidation becoming effective, the Consolidated Shares will continue to be traded in board lots of 50,000 Consolidated Shares.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, (i) further details of the Share Consolidation; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Tuesday, 8 September 2020.

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Effects of the Share Consolidation

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 Shares of par value of HK\$0.1 each, of which 7,704,808,360 Shares have been issued. Assuming that no further Shares are issued or repurchased between the date of this announcement and the date of the EGM, immediately after the Share Consolidation, the authorised share capital of the Company shall become HK\$1,500,000,000 divided into 1,500,000,000 Consolidated Shares of par value of HK\$1.0 each, of which 770,480,836 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled and the necessary professional expenses for the implementation of the Share Consolidation.

Fractional entitlement to the Consolidated Shares

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of existing share certificates held by such holder.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares; and
- (iii) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands (where applicable) and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is currently expected to be Friday, 25 September 2020, being the second Business Day immediately after the date of the EGM.

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

Application for listing of the Consolidated Shares

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

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated 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 Consolidated 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 Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated 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.

No change in board lot size

The existing board lot of 50,000 Shares will remain unchanged upon the Share Consolidation becoming effective. The value of the current board lot, based on the closing price of HK\$0.025 per Existing Share at the date of this announcement, is HK\$1,250. Upon the Share Consolidation becoming effective, the expected value of each board lot of 50,000 Consolidated Shares, based solely on the closing price of HK\$0.025 per Existing Share as at the date of this announcement (equivalent to the theoretical closing price of HK\$0.25 per Consolidated Share as at the date of this announcement), is expected to be HK\$12,500.

Arrangement on odd lot trading and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, a designated broker will be appointed by the Company to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares.

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lot arrangement, is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the circular to be despatched to the Shareholders.

Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

Exchange of share certificates

Subject to the Share Consolidation having become effective, Shareholders may during the specified period submit share certificates for 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, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares.

Thereafter, certificates for Shares will be accepted for exchange only on payment of a fee of HK\$2.5 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of certificates cancelled/issued is higher.

The existing share certificates will only be valid for delivery, trading, registration and settlement purposes for the period up to 4:10 p.m. on Tuesday, 3 November 2020, and thereafter will not be accepted for delivery, trading, registration and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of ten (10) Shares for one (1) Consolidated Share.

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 principal amount of HK\$85,500,000, which entitles the holder(s) thereof to convert to a maximum of 855,000,000 Existing Shares upon exercise of the conversion rights attaching to the Bond. Under the relevant terms and conditions of the Bond of the Company, the Share Consolidation 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 Existing Shares as at the date of this announcement.

Reasons for and benefits of the Share Consolidation

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. According to the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019, (i) any trading price less than HK\$0.10 will be considered as approaching the extremities of HK\$0.01; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

In view that (i) the trading prices of the Shares have remained below HK\$0.1 since April 2019; and (ii) the Shares are trading under HK\$2,000 per board lot based on the closing price of each Share of HK\$0.025 as at the date of this announcement and the board lot size of 50,000 Shares, the Board proposes the Share Consolidation in order for the Company to comply with the trading requirements under the Listing Rules. It is also expected that the Share Consolidation would bring a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange which will reduce the overall transaction and handling costs of dealings in the Shares and may attract more investors and extend the shareholders base of the Company.

Reference is made to the announcement of the Company dated 28 August 2020 and 29 August 2020 in relation to the proposed amendments to the Bond, which includes (i) the extension of maturity date of the Bond for two years and (ii) utilise the general mandate of the Company in lieu of the specific mandate of the Company for the conversion shares (the “**Proposed Amendments**”). Since the Proposed Amendments are subject to the Share Consolidation becoming effective, the Share Consolidation also serves the purpose of facilitating the Proposed Amendments which provide the Group with flexibility to deploy its financial resources to finance its operation and business development.

It is expected by the Company that the Share Consolidation will not result in any material adverse effect on the financial position of the Group or change in the relative rights of the Shareholders save for any fractional Consolidated Shares to which Shareholders may otherwise be entitled.

Based on the above, the Directors consider that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

The Company hereby confirms that subject to the Share Consolidation becoming effective, save for the Proposed Amendments as mentioned above, the Company has no intention to carry out any corporate actions that may have an effect of undermining or negating the intended purpose of the Share Consolidation in the next 12 months.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Consolidation is set out below. The expected timetable is subject to the satisfaction of all the conditions of the Share Consolidation 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	Date and time (2020)
Expected date of despatch of the circular in relation to the Share Consolidation to the Shareholders together with notice of EGM and proxy form for EGM	Tuesday, 8 September
Latest time for lodging transfer documents to qualify for attendance and voting at the EGM	4:30 p.m. on Thursday, 17 September
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM.	Friday, 18 September to Wednesday, 23 September (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, 21 September
Expected date and time of the EGM	11:00 a.m. on Wednesday, 23 September
Announcement of the poll results of the EGM	Wednesday, 23 September
 The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation.	
Effective date of the Share Consolidation	Friday, 25 September
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares	Friday, 25 September
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Friday, 25 September
Original counter for trading in the Existing Shares in board lots of 50,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Friday, 25 September
Temporary counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Friday, 25 September

Event	Date and time (2020)
Original counter for trading in the Consolidated Shares in board lots of 50,000 Consolidated Shares (in the form of new share certificates for the Consolidated Shares) re-opens	9:00 a.m. on Tuesday, 13 October
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences	9:00 a.m. on Tuesday, 13 October
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Tuesday, 13 October
Temporary counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of existing share certificates) closes.	4:10 p.m. on Tuesday, 3 November
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) ends	4:10 p.m. on Tuesday, 3 November
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:10 p.m. on Tuesday, 3 November
Last day and time for free exchange of existing share certificates for new share certificates for the Consolidated Shares	4:10 p.m. on Thursday, 5 November

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, (i) further details of the Share Consolidation; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Tuesday, 8 September 2020.

WARNING

Shareholders and potential investors should be aware of and take note that the Share Consolidation is conditional upon satisfaction of the conditions set out in the paragraph headed “Conditions of the Share Consolidation” above. Accordingly, the Share Consolidation 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.

DEFINITIONS

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

“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\$85.5 million remaining outstanding and held by the Subscriber as at the date of this announcement
“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
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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 share capital of the Company immediately following the Share Consolidation
“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 Share Consolidation
“Existing Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company immediately before the Share Consolidation
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Shares of par value of HK\$0.1 each into one (1) Consolidated Share
“Shareholder(s)”	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, 1 September 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.