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Hygeia Healthcare Holdings Co., Limited

海吉亚医疗控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6078)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Sole Overall Coordinator and Placing Agent

J.P.Morgan

J.P. Morgan Securities (Asia Pacific) Limited

On January 4, 2023 (before trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as placing agent for the purpose of procuring, as agent of the Company, Placees to subscribe for, or failing which to subscribe itself as principal, 14,800,000 Placing Shares at a price of HK\$53.50 per Share on the terms and subject to the conditions set out in the Placing Agreement.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the completion of the Placing other than the issue by the Company of the Placing Shares, the Placing Shares represent approximately 2.40% of the issued share capital of the Company as of the date of this announcement, and approximately 2.34% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

The gross proceeds and the net proceeds (after deducting all applicable costs and expenses, including commission (assuming the discretionary commission is paid in full) and levies) are estimated to be approximately HK\$791.8 million and approximately HK\$785.4 million, respectively. The Company intends to apply the net proceeds from the Placing in the manner detailed in the section headed “Use of Proceeds”.

The Placing Shares will be allotted and issued under the General Mandate. As such, the allotment and issue of the Placing Shares is not subject to any further approval by the Shareholders.

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the completion of the Placing).

Completion of the Placing is subject to the satisfaction of the condition precedent under the Placing Agreement and the Placing Agreement not having been terminated in accordance with the terms thereof. Therefore, the Placing may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On January 4, 2023 (before trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which, the Company has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as placing agent for the purpose of procuring, as agent of the Company, Placees to subscribe for, or failing which to subscribe itself as principal, the Placing Shares at the Placing Price on the terms and subject to the conditions set out in the Placing Agreement.

THE PLACING AGREEMENT

The principal terms of the Placing Agreement are summarized below:

Date

January 4, 2023

Parties

- (i) The Company; and
- (ii) J.P. Morgan Securities (Asia Pacific) Limited (as the Placing Agent).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent is an Independent Third Party.

Placing Shares

The Placing Shares comprise 14,800,000 new Shares to be allotted and issued by the Company. Based on the nominal value of US\$0.00001 per Share, the aggregate nominal value of the Placing Shares will be US\$148.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the completion of the Placing other than the issue by the Company of the Placing Shares, the Placing Shares represent approximately 2.40% of the issued share capital of the Company as of the date of this announcement, and approximately 2.34% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

Placees

It is expected that the Placing Shares will be placed to not less than six Placees who shall be professional, institutional or other investors, and who, and whose ultimate beneficial owners, are Independent Third Parties. It is not expected that any such investor will become a substantial shareholder of the Company as a result of the Placing.

Placing Price

The Placing Price of HK\$53.50 per Placing Share represents:

- (i) a discount of approximately 8.78% to the closing price of HK\$58.65 per Share as quoted on the Stock Exchange on January 3, 2023, being the Last Trading Day;
- (ii) a discount of approximately 3.95% to the average closing price of HK\$55.70 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 1.05% to the average closing price of approximately HK\$52.95 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent and with reference to, among others, the prevailing market price of the Shares and the current market conditions.

Rights and Ranking of the Placing Shares

The Placing Shares shall, when allotted and issued, rank *pari passu* in all respects with the other Shares in issue free from all liens, charges and encumbrances, and together with all rights attaching to them as of the date of issue of the Placing Shares, including the right to receive all dividends declared, made or paid on or after the Closing Date.

Placing Commission

In consideration of the services of the Placing Agent in relation to the Placing, the Placing Agent is entitled to a fixed commission equivalent to 0.6% and a discretionary commission of up to 0.2%, respectively, of the amount equal to the number of Placing Shares multiplied by the Placing Price (such amount to be deducted from the payment to be made by the Placing Agent to the Company pursuant to the Placing Agreement upon completion of the Placing when the subscription monies for the Placing Shares are to be received). Assuming all the Placing Shares are placed, the maximum commission payable by the Company to the Placing Agent (assuming the discretionary commission is paid in full) shall be approximately HK\$6.3 million.

The placing commission under the Placing Agreement was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market conditions.

Condition of the Placing

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the completion of the Placing).

If the above condition is not fulfilled at or prior to 8:00 a.m. (Hong Kong time) on the Closing Date, the Placing Agreement shall terminate and the Placing Agent and the Company shall have no obligations or liabilities to each other under the Placing and neither the Company nor the Placing Agent shall have any claim against the other for costs, damages, compensation or otherwise arising under the Placing Agreement save for antecedent breaches.

Completion

Completion of the Placing shall take place on the Closing Date or such other time and/or date as the Placing Agent and the Company may agree in writing.

Termination

Pursuant to the terms of the Placing Agreement, if at any time prior to 8:00 a.m. (Hong Kong time) on the Closing Date:

- (a) there develops, occurs or comes into force:
 - (i) any new law or regulation or any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in existing laws or regulations or the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the Cayman Islands, the United States, the United Kingdom or the European Union (collectively, the "**Relevant Jurisdictions**"); or
 - (ii) any event, or series of events, in the nature of force majeure, beyond the reasonable control of the Placing Agent (including, without limitation, any calamity, act of government, strike, labour dispute, lock-out, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, epidemic, pandemic, escalation of any outbreak of infectious disease, outbreak or escalation of hostilities, act of terrorism and act of God) involving the Relevant Jurisdictions, or the declaration by the Relevant Jurisdictions of war or a state of emergency or calamity or crisis; or

- (iii) any change or development in local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets); or
- (iv) any change or development in local, national or international securities market conditions or currency exchange rates or exchange controls; or
- (v) any suspension or limitation of dealings in the Shares for any period whatsoever (other than as a result of the Placing); or
- (vi) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange, the London Stock Exchange or the Shenzhen Stock Exchange; or
- (vii) any disruption in commercial banking or securities settlement or clearance services in the Relevant Jurisdictions and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in the Relevant Jurisdictions,

which in the sole opinion of the Placing Agent is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith;

- (b) (i) any breach of any of the representations, warranties and undertakings by the Company under the Placing Agreement comes to the knowledge of the Placing Agent; (ii) any event occurs or any matter arises on or after the date hereof and prior to the completion of the Placing on the Closing Date which if it had occurred or arisen before the date hereof would have rendered any of the representations, warranties and undertakings under the Placing Agreement untrue, inaccurate or misleading in any respect and any such breach or failure is material or (in the sole opinion of the Placing Agent) is or would materially and adversely affect the financial position or business of the Company and/or of the Group as a whole or is or is likely to be materially adverse to the success of the Placing; or (iii) there has been a breach of, or failure to perform or satisfy, any other provision of or condition under the Placing Agreement in any respect on the part of the Company; or

- (c) there is any such adverse change, or any development reasonably likely to involve a prospective adverse change in the business, general affairs, management, prospects, shareholders' equity, results of operations, or in the financial or trading position of the Company and/or of the Group (other than those already disclosed on the website of the Stock Exchange on or before the date of the Placement Agreement) as a whole which in the sole opinion of the Placing Agent is materially adverse to the success of the Placing;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 8.00 a.m. (Hong Kong time) on the Closing Date.

Lock-up Undertaking by the Company

The Company undertakes to the Placing Agent that for a period from the date of the Placing Agreement up to 90 days after the Closing Date, the Company or any person acting on its behalf, will not, except for the Placing Shares and save as pursuant to (1) the issuance of options, rights or Shares pursuant to the terms of the existing share option scheme adopted by the Company on October 15, 2021; (2) any existing bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association; or (3) any repurchase of the Shares pursuant to the General Mandate:

- (i) sell, transfer, dispose, allot or issue or offer to sell, transfer, dispose, allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares; or
- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of any Shares or interest in the Shares; or
- (iii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) or (ii) above; or
- (iv) announce any intention to enter into or effect any such transaction described in (i) to (iii) above without first having obtained the written consent of the Placing Agent.

GENERAL MANDATE

The Placing Shares will be allotted and issued under the General Mandate.

Pursuant to the General Mandate, the Directors are authorized to allot and issue up to 123,344,840 Shares, representing 20% of the total number of issued Shares as of the date of the AGM. As of the date of this announcement, no Shares have been allotted and issued by the Company under the General Mandate. As such, the issue of the Placing Shares falls within the limit of the General Mandate and is not subject to any further approval of the Shareholders.

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.

REASONS FOR THE PLACING

The Group is principally engaged in the provision of healthcare services in the PRC. As an oncology-focused healthcare group, the Group endeavors to make healthcare services more accessible and affordable (讓醫療更溫暖), addressing unmet demands of oncology patients in China.

The Placing is being undertaken to supplement the Group's long-term funding of its expansion and growth plan. The Directors consider that the Placing will also provide an opportunity to raise further capital for the Company whilst broadening the shareholder base and the capital base of the Company.

The Board (including the independent non-executive Directors) considers that the terms of the Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms, fair and reasonable, and that the Placing is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds and the net proceeds (after deducting all applicable costs and expenses, including commission (assuming the discretionary commission is paid in full) and levies) are estimated to be approximately HK\$791.8 million and approximately HK\$785.4 million, respectively. The net price (after deducting all applicable costs and expenses, including commission (assuming the discretionary commission is paid in full) and levies) per Placing Share is estimated to be approximately HK\$53.07.

The Company intends to apply the net proceeds from the Placing as follows:

- (i) approximately 85% for acquiring hospitals, when appropriate opportunities arise, in key regions which has sizable population and relatively high level of demand for oncology healthcare services;
- (ii) approximately 10% for establishing new hospitals including continuous construction of Dezhou Hygeia Hospital, Wuxi Hygeia Hospital, and Changshu Hygeia Hospital; and
- (iii) approximately 5% for other general corporate purposes where appropriate.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity during the past twelve months immediately preceding the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the shareholding structure of the Company (i) as of the date of this announcement and (ii) immediately upon completion of the Placing is set out below (assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the completion of the Placing other than the issue of the Placing Shares):

Shareholder	As of the date of this announcement		Immediately upon completion of the Placing	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Controlling Shareholders ⁽¹⁾	281,424,815	45.63	281,424,815	44.56
Mr. Zhang Wenshan ⁽²⁾	32,235	0.01	32,235	0.01
The Places	—	—	14,800,000	2.34
Other Shareholders	<u>335,267,150</u>	<u>54.36</u>	<u>335,267,150</u>	<u>53.09</u>
Total	<u>616,724,200</u>	<u>100.00</u>	<u>631,524,200</u>	<u>100.00</u>

Notes:

- (1) Century River is indirectly wholly owned by Mr. Zhu. Each of Red Palm and Amber Tree is indirectly wholly owned by Ms. Zhu. Pursuant to the concert party confirmation, Mr. Zhu and Ms. Zhu have confirmed that they had and would continue to, for so long as they remain interested in the Shares,

directly or indirectly, act in concert by aligning their votes at the shareholders' meetings of the Company. As such, Mr. Zhu and Ms. Zhu are both deemed to be interested in (i) 561,000 Shares directly held by Mr. Zhu, (ii) 112,051,636 Shares directly held by Century River, (iii) 82,774,691 Shares directly held by Red Palm, and (iv) 82,774,691 Shares directly held by Amber Tree.

In addition, Spruce Wood Investment Holdings Limited and Group & Ray II Limited are controlled by Mr. Ren Ai, who is the spouse of Ms. Zhu and an executive Director of the Company. Therefore, Ms. Zhu is also deemed to be interested in (i) 453,420 Shares directly held by Mr. Ren Ai, (ii) 2,400,000 Shares directly held by Spruce Wood Investment Holdings Limited, and (iii) 409,377 Shares directly held by Group & Ray II Limited.

(2) Mr. Zhang Wenshan is an executive Director.

Completion of the Placing is subject to the satisfaction of condition precedent under the Placing Agreement and the Placing Agreement not having been terminated in accordance with the terms thereof. Therefore, the Placing may or may not proceed to completion. 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:

“Amber Tree”	Amber Tree Holdings Limited, a BVI business company incorporated under the laws of the BVI on August 31, 2018 and indirectly wholly owned by Ms. Zhu, one of the Controlling Shareholders
“AGM”	the annual general meeting of the Company held on June 28, 2022
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday, or public holiday in Hong Kong) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is generally open for trading of securities in Hong Kong
“Century River”	Century River Holdings Limited, a BVI business company incorporated under the laws of BVI on August 31, 2018 and indirectly wholly owned by Mr. Zhu, one of the Controlling Shareholders

“Changshu Hygeia Hospital”	Changshu Hygeia Hospital Co., Ltd.* (常熟海吉亞醫院有限公司), a limited liability company established in the PRC on June 29, 2021 and a subsidiary of the Company
“Closing Date”	the second Business Day after the date on which the condition to completion of the Placing as set out in the Placing Agreement is fulfilled (which is expected to be January 11, 2023) but in any event no later than January 18, 2023, or such other date as the Company and the Placing Agent may agree in writing
“Company”	Hygeia Healthcare Holdings Co., Limited (海吉亞醫療控股有限公司), an exempted company with limited liability incorporated under the laws of Cayman Islands on September 12, 2018, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6078)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Mr. Zhu, Ms. Zhu, Century River Investment Holdings Limited, Century River, Red Palm Investment Holdings Limited, Red Palm and Amber Tree
“Dezhou Hygeia Hospital”	Dezhou Hygeia Hospital Co., Ltd.* (德州海吉亞醫院有限公司) (formerly known as Dezhou Chongde Hospital Co., Ltd. (德州崇德醫院有限公司)), a limited liability company established in the PRC on December 18, 2019 and a subsidiary of the Company
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders to (i) allot and issue up to 123,344,840 Shares and (ii) repurchase up to 61,672,420 Shares pursuant to the ordinary resolutions passed by the Shareholders at the AGM
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	person(s) who is(are) independent of and not connected with the Company and any of its connected persons
“Last Trading Day”	January 3, 2023, being the last full trading day prior to the date of the Placing Agreement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Mr. Zhu”	Mr. Zhu Yiwen (朱義文), father of Ms. Zhu, the founder of the Group, chairman of the Board, an executive Director and one of the Controlling Shareholders
“Ms. Zhu”	Ms. Zhu Jianqiao (朱劍喬), daughter of Mr. Zhu and one of the Controlling Shareholders
“Placee(s)”	any professional, institutional or other investor whom the Placing Agent has procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	J.P. Morgan Securities (Asia Pacific) Limited
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated January 4, 2023 (before trading hours) in relation to Placing
“Placing Price”	HK\$53.50 per Placing Share (exclusive of all brokerage, transaction levies of the Securities and Futures Commission of Hong Kong and the Accounting and Financial Reporting Council and trading fees of the Stock Exchange at the prevailing rates as may be payable under the Placing)
“Placing Shares”	14,800,000 new Shares to be issued by the Company pursuant to the Placing Agreement
“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau and Taiwan

“Red Palm”	Red Palm Holdings Limited, a BVI business company incorporated under the laws of BVI on August 31, 2018 and indirectly wholly owned by Ms. Zhu, one of the Controlling Shareholders
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.00001 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States
“Wuxi Hygeia Hospital”	Wuxi Hygeia Hospital Co., Ltd.* (無錫海吉亞醫院有限公司), a limited liability company established in the PRC on July 22, 2020 and a subsidiary of the Company
“%”	per cent

* *for identification purpose only*

By order of the Board
Hygeia Healthcare Holdings Co., Limited
Mr. ZHU Yiwen
Chairman

Hong Kong, January 4, 2023

As of the date of this announcement, the Board comprises Mr. Zhu Yiwen as chairman and executive Director, Ms. Cheng Huanhuan, Mr. Ren Ai, Mr. Zhang Wenshan and Ms. Jiang Hui as executive Directors, and Mr. Liu Yanqun, Mr. Zhao Chun and Mr. Ye Changqing as independent non-executive Directors.