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## **China Medical & HealthCare Group Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 383)**

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE**

#### **Financial adviser to the Company**



YU MING INVESTMENT MANAGEMENT LIMITED  
禹銘投資管理有限公司

#### **Underwriter**



**結好證券有限公司**  
GET NICE SECURITIES LIMITED

#### **PROPOSED RIGHTS ISSUE**

The Company proposes to issue 362,001,819 Rights Shares by way of the Rights Issue, on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.88 per Rights Share to raise approximately HK\$318.6 million before expenses (assuming no change in number of Shares in issue on or before the Record Date). The Rights Issue is fully underwritten by the Underwriter.

The maximum net proceeds from the Rights Issue after deducting the relevant expenses are estimated to be approximately HK\$309.1 million (assuming no change in the number of Shares in issue on or before the Record Date). The Company intends to apply the net proceeds from the Rights Issue for the development of phase II of KMH.

The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders.

## **THE UNDERWRITING AGREEMENT**

On 5 May 2023 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue, pursuant to which the Underwriter has agreed to underwrite all the Underwritten Shares, pursuant to the terms and subject to the conditions set out in the Underwriting Agreement.

## **LISTING RULES IMPLICATIONS**

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement, and the Rights Issue will not on its own increase either the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders under the Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

## **DESPATCH OF PROSPECTUS DOCUMENTS**

The Prospectus Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Wednesday, 24 May 2023. The Company will send the Prospectus Documents to the Qualifying Shareholders only and will, subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant overseas jurisdictions of Overseas Shareholders, if any, and to the extent reasonably practicable, send the Prospectus (excluding the PAL and EAF) to the Non-Qualifying Shareholders for information purposes only.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed "Termination of the Underwriting Agreement" under the section headed "The Underwriting Agreement" in this announcement). Accordingly, the Rights Issue may or may not proceed.**

**The Shares are expected to be dealt in on an ex-rights basis from Monday, 15 May 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 29 May 2023 to Monday, 5 June 2023. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

**Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.**

## **PROPOSED RIGHTS ISSUE**

The Company proposes the Rights Issue, details of which are summarised below:

Basis of the Rights Issue:	One (1) Rights Share (in nil-paid form) for every two (2) Shares held at the close of business on the Record Date
Subscription Price:	HK\$0.88 per Rights Share
Net price per Rights Share (the aggregate Subscription Price of the maximum number of Rights Shares to be issued less costs and expenses estimated to be incurred in the Rights Issue divided by the maximum number of Rights Shares to be issued):	Approximately HK\$0.85 per Rights Share
Number of Shares in issue as at the date of this announcement:	724,003,638 Shares
Number of Rights Shares to be issued:	362,001,819 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)

Aggregate nominal value of the Rights Shares:	HK\$3,620,018.19 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of issued Shares upon completion of the Rights Issue:	1,086,005,457 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue (before expenses):	Approximately HK\$318.6 million
Net proceeds from the Rights Issue:	Approximately HK\$309.1 million
Rights of excess application:	Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotments

There are no Share Options, options, warrants, derivatives or other convertible securities granted by the Company which confer rights to subscribe for, convert or exchange into Shares that are subsisting as at the date of this announcement.

Assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the maximum of 362,001,819 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent approximately (i) 50.0% of the existing issued share capital of the Company as at the date of this announcement; and (ii) 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

### **Subscription Price**

The Subscription Price is HK\$0.88 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 15.4% to the closing price of HK\$1.04 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 16.2% to the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of HK\$1.05 per Share;
- (iii) a discount of approximately 17.0% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of HK\$1.06 per Share;
- (iv) a discount of approximately 11.1% to the ex-rights price of approximately HK\$0.99 per Share based on the closing price of HK\$1.04 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 59.1% to the net asset value of the Company of approximately HK\$2.15 per Share calculated based on the audited consolidated net asset value of the Company attributable to the Shareholders of approximately HK\$1,554,942,000 as at 31 December 2022 and 724,003,638 Shares in issue.

The Rights Issue will result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 5.7%, which is calculated based on the theoretical diluted price of approximately HK\$0.99 per Share and the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of HK\$1.05 per Share.

The net price per Rights Share (i.e. the aggregate Subscription Price of the maximum number of Rights Shares to be issued less costs and expenses estimated to be incurred in the Rights Issue divided by the maximum number of Rights Shares to be issued), will be approximately HK\$0.85.

The Subscription Price was determined by the Company with reference to (i) the average closing price of the Shares quoted on the Stock Exchange of approximately HK\$1.05 for the three months up to and including the Last Trading Day; (ii) the highest and lowest closing price of the Shares quoted on the Stock Exchange of HK\$1.26 and HK\$0.85 respectively for the three months up to and including the Last Trading Day; (iii) the current market conditions; (iv) the latest business performance and financial position of the Group; and (v) the funding and capital needs of the Group.

The Board considers that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders are provided with an equal opportunity to subscribe for their assured entitlements under the Rights Issue for the purpose of maintaining their respective existing shareholding interests in the Company; and (ii) the Subscription Price represents a discount of approximately 15.4% and 16.2% to the closing price of the Shares on the Last Trading Day and the average of the closing prices of the Shares for the last three months up to and including the Last Trading Day respectively, and such discounts would encourage the Qualifying Shareholders to subscribe for their assured entitlements under the Rights Issue.

### **Qualifying Shareholders**

The Rights Issue is available to the Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not being a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Company will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Tuesday, 16 May 2023. It is expected that the last day of dealing in the Shares on a cum-rights basis is Friday, 12 May 2023 and the Shares will be dealt with on an ex-rights basis from Monday, 15 May 2023.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

The latest time for acceptance of and payment for the Rights Shares and payment and for application and payment for excess Rights Shares is expected to be at 4:00 p.m. on Thursday, 8 June 2023.

The Qualifying Shareholders who take up their pro-rata entitlements in full will not experience any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**



## **Non-Qualifying Shareholders**

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. As at 4 May 2023, there were a total of 8 Overseas Shareholders with addresses in British Virgin Island, Malaysia, United Kingdom, Germany, Switzerland and Thailand.

The Company will make enquiries regarding the legal restrictions under the laws of the relevant overseas jurisdiction(s) and the requirements of the relevant regulatory body(ies) or stock exchange(s) pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiries and based on legal opinions provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the relevant jurisdiction(s) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in the relevant place(s), no offer of the Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to such Overseas Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus.

The Company will send copies of the Overseas Letter and the Prospectus to the Non-Qualifying Shareholders for their information purposes only, but will not send the PAL or EAF to them. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained above.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders had they been Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before dealings in the nil-paid Rights Shares end, if a premium in excess of all expenses of sale can be obtained. The aggregate net proceeds of such sale will be distributed by the Company to the Non-Qualifying Shareholders (pro-rata to their respective entitlements on the Record Date and round down to the nearest cent) in Hong Kong dollars, provided that if any of such Non-Qualifying Shareholders would be entitled to a sum not less than HK\$100. In view of administrative costs, the Company will retain individual amount of less than HK\$100 for its own benefit. Any unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders (if any) would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders under the EAFs.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Non-Qualifying Shareholders should exercise caution when dealing in the Shares.

## **Basis of provisional allotments**

The basis of the provisional allotments shall be one (1) Rights Share (in nil-paid form) for every two (2) Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

## **No irrevocable commitments**

As at the date of this announcement, the Company has not received any information or irrevocable undertaking from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted and issued to them under the Rights Issue.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. Other than on the Stock Exchange, no part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

## **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms with their board lot size being the same (i.e. 5,000) as their underlying Shares on the Stock Exchange, or such other dates 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. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.



## **Status of the Rights Shares**

The Rights Shares (when allotted, issued and fully paid) will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid with a record date falling on or after the date of allotment and issue of the Rights Shares in their fully-paid form.

## **Stamp duty and other applicable fees and charges**

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

## **Share certificates for the Rights Shares and refund cheques**

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted to those who have accepted and (where applicable) applied for and paid for the Rights Shares on Friday, 16 June 2023 by ordinary post at their own risk.

If the Rights Issue is terminated or for unsuccessful application for Rights Issue, refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on Friday, 16 June 2023 by ordinary post to the applicants at their own risk.

## **Fractional entitlement to the Rights Shares**

The Company will not provisionally allot and issue and will not accept application for any fraction of the Rights Shares and the entitlements of the Qualifying Shareholders will be rounded down to the nearest whole number. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) and sold in the market for the benefit of the Company if a premium (net of expenses) can be obtained, and the Company will retain the proceeds from such sale. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAFs.

## Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for, by way of excess application:

- a) any unsold entitlements to the Rights Shares of the Non-Qualifying Shareholder(s) (if any);
- b) any unsold Rights Shares created by aggregating fractions of the Rights Shares; and
- c) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares

(collectively referred to as “**Untaken Rights**”).

Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the full amount payable for the excess Rights Shares being applied for. The Company will allocate any excess Rights Shares at its discretion on a fair and equitable basis on the following principles:

- a) subject to availability of the excess Rights Shares, any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them as far as practicable on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- b) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- c) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and
- d) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any controlling Shareholder or its associates (the “**Relevant Shareholders**”), whether in their own names or through nominees.

The Company shall disregard the Relevant Shareholders' applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares. As at the date of this announcement, the Company does not have a controlling Shareholder.

If the aggregate number of Rights Shares underlying the Untaken Rights is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for. Any Rights Shares not taken up by the Qualifying Shareholders and not taken up by excess applications will be taken up by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement.

In the event that the Company notes unusual patterns of excess applications and has reason to believe that any excess application may have been made with the intention to abuse the mechanism, such application(s) for excess Rights Shares may be rejected at the sole discretion of the Board.

Investors whose Shares are held by a nominee (or which are held in CCASS) should note that the Company will regard the nominee (including HKSCC Nominees Limited) whose name appears on the register of members of the Company (the "**Registered Nominee**") as a single Shareholder under the aforesaid arrangement in relation to the allocation of excess Rights Shares. Beneficial owners who hold Shares through a Registered Nominee are advised to consider whether they would like to arrange for the registration of their Shares in their own names prior to the Record Date.

Investors whose Shares are held by a Registered Nominee and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for completion of the relevant registration by 4:30 p.m. on Tuesday, 16 May 2023 as the last day for transfer. The register of members of the Company will be closed from Wednesday, 17 May 2023 to Tuesday, 23 May 2023, both dates inclusive.

Qualifying Shareholders who wish to apply for excess Rights Shares in addition to their provisional allotment must complete and sign an EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, Tricor Tengis Limited on or before the Latest Time for Acceptance.

## THE UNDERWRITING AGREEMENT

The Rights Shares will be fully underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement. The principal terms and conditions of the Underwriting Agreement are set out below:

Date:	5 May 2023 (after trading hours of the Stock Exchange)
Underwriter:	Get Nice Securities Limited
Number of Rights Shares to be underwritten by the Underwriter:	362,001,819 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Underwriting Commission:	2.5% of the aggregate subscription amount in respect of the maximum number of 362,001,819 Rights Shares committed to be underwritten, subscribed for or procured subscription for by the Underwriter

The Underwriter is company incorporated in Hong Kong with limited liability and a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO whose ordinary course of business includes underwriting of securities. The Underwriter and its ultimate beneficial owners are independent of the Company and its connected persons. As at the date of the Underwriting Agreement, the Underwriter is not interested in any Shares.

Pursuant to the Underwriting Agreement, the Underwriter undertakes and shall ensure that (i) each of the subscribers of the Underwritten Shares procured by it shall be an Independent Third Party; and (ii) none of the subscribers procured by the Underwriter, together with their respective associates, will hold 10% or more of the voting rights of the Company upon completion of the Rights Issue.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiations between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Board (including the independent non-executive Directors) considers that the terms of the Underwriting Agreement (including the commission rate) are fair and reasonable so far as the Company and the Shareholders are concerned.

Subject to the fulfilment or waiver (where applicable) of all the conditions contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe for or procure the subscription for the Underwritten Shares pursuant to the terms and conditions of Underwriting Agreement.

### **Conditions of the Rights Issue**

The obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (i) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purposes only, by no later than the Prospectus Posting Date;
- (iii) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval for the listing of and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Prospectus Posting Date;
- (iv) compliance with and performance of all the undertakings and obligations of the Company under terms of the Underwriting Agreement; and
- (v) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms of the Underwriting Agreement on or before the Latest Time for Termination.

Save for condition (iv) which can be waived by the Underwriter, the conditions precedent set out above are incapable of being waived by the Underwriter or the Company.

If the conditions precedent set out in the above paragraphs are not satisfied in whole or in part at the respective time and dates specified therein (or such other date and time as the Underwriter may agree with the Company in writing (as permitted under the relevant legal and regulatory requirements)), the Underwriting Agreement shall terminate (save for certain provisions which would survive after termination of the Underwriting Agreement and any rights or obligations which have accrued under the Underwriting Agreement prior to such termination) and no party will have any claim against any other party for cost, damages, compensation or otherwise, and the Rights Issue will not proceed.

As at the date of this announcement, the Company does not believe that the Rights Issue would give rise to any concerns in relation to compliance with other applicable laws or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Prospectus.

### **Termination of the Underwriting Agreement**

The Underwriter shall be entitled, by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if, prior to the Latest Time for Termination:

1. in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position of the Group as a whole or is materially adverse in the context of the Rights Issue after the signing of the Underwriting Agreement;
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing of the Underwriting Agreement) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position of the Group as a whole;
  - (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurred after the signing of the Underwriting Agreement which would, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position of the Group as a whole;
  - (d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or



2. there is any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities or imposition of economic sanctions) occurs which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination, any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter.

**If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.**

## EFFECTS ON THE SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue (assuming full acceptance of the Rights Shares by all Qualifying Shareholders); and (iii) immediately after completion of the Rights Issue (assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders and all Untaken Shares are subscribed for by or through the Underwriter):

	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming full acceptance of the Rights Shares by all Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders and all Untaken Shares are subscribed for by or through the Underwriter)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Cool Clouds Limited (Note 1)	200,000,000	27.62%	300,000,000	27.62%	200,000,000	18.42%
Ms. Chong Sok Un (Note 2)	130,244,457	17.99%	195,366,686	17.99%	130,244,457	11.99%
Victor Beauty Investments Limited (Note 3)	100,000,000	13.81%	150,000,000	13.81%	100,000,000	9.21%
Fareast Global Limited (Note 4)	92,876,481	12.83%	139,314,721	12.83%	92,876,481	8.55%
Underwriter (Note 5)	—	0.00%	—	0.00%	362,001,819	33.33%
Public Shareholders	200,882,700	27.75%	301,324,050	27.75%	200,882,700	18.50%
<b>Total</b>	<b><u>724,003,638</u></b>	<b><u>100.00%</u></b>	<b><u>1,086,005,457</u></b>	<b><u>100.00%</u></b>	<b><u>1,086,005,457</u></b>	<b><u>100.00%</u></b>

*Notes:*

1. Cool Clouds Limited is a wholly-owned subsidiary of Resuccess Investments Limited which in turn is wholly-owned by Tsinghua Tongfang Co., Ltd.
2. Ms. Chong Sok Un, an executive Director, owns 618,750 Shares. Vigor Online Offshore Limited owns 129,625,707 Shares and is a wholly-owned subsidiary of China Spirit Limited which in turn is wholly-owned by Ms. Chong Sok Un.
3. Victor Beauty Investments Limited is indirectly wholly-owned by China Minsheng Investment Group Corp., Ltd.
4. Fareast Global Limited is a wholly-owned subsidiary of Tian An China Investments Company Limited (“**Tian An**”), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 28). Tian An is interested as to approximately 55.72% by Allied Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 373).
5. In the event that the Underwriting Agreement becoming unconditional and the Underwriter being called upon to subscribe for or procure subscribers of the Underwritten Shares pursuant to the Underwriting Agreement, the Underwriter has irrevocably undertaken to the Company that:
  - a) without affecting the Underwriter’s obligation to procure underwriting for all the Underwritten shares (whether to underwrite the same by itself or procure sub-underwriting of the same), the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares, which will result in the Underwriter, the parties acting in concert with it and its associates holding 30% or more of the voting rights of the Company upon the completion of the Rights Issue;
  - b) the Underwriter shall use all reasonable endeavours to ensure that each of the sub-underwriters or subscribers or purchasers of the Underwritten Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or substantial shareholders of the Company or their respective associates (as defined in the Listing Rules); and (ii) shall not, together with their respective associates, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue; and
  - c) the Underwriter shall use all reasonable endeavours to procure that the minimum public float requirement under the Listing Rules be fulfilled by the Company upon completion of the Rights Issue.
6. Certain figures and percentage included in the above table have been subject to rounding adjustments.

The public float requirements under the Listing Rules shall be fulfilled by the Company at all times. The Company will take all appropriate steps to ensure that sufficient public float be maintained at all times in compliance with Rule 8.08 of the Listing Rules.

## EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below and is subject to change. Any such change will be announced by the Company as and when appropriate.

<b>Event</b>	<b>Date (Hong Kong time) 2023</b>
Publication of announcement on Rights Issue	Friday, 5 May
Last day of dealings in the Shares on a cum-entitlement basis relating to the Rights Issue	Friday, 12 May
First day of dealings in Shares on an ex-entitlement basis relating to the Rights Issue	Monday, 15 May
Latest time for the Shareholders to lodge transfer documents of Shares in order to be qualified for the Rights Issue	4:30 p.m. on Tuesday, 16 May
Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive)	Wednesday, 17 May to Tuesday, 23 May
Record Date for the Rights Issue	Tuesday, 23 May
Register of members re-opens	Wednesday, 24 May
Prospectus Posting Date for despatch of the Prospectus Documents (in case of the Non-Qualifying Shareholders, the Prospectus only)	Wednesday, 24 May
First day of dealings in nil-paid Rights Share	Monday, 29 May
Latest time for splitting the PAL	4:30 p.m. on Wednesday, 31 May
Last day of dealing in nil-paid Rights Shares	Monday, 5 June
Latest Time for Acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Thursday, 8 June

Latest Time for Termination for terminating the Underwriting Agreement and for the Rights Issue to become unconditional 4:00 p.m. on Friday, 9 June

Announcement of results of the Rights Issue Thursday, 15 June

Despatch of certificates for fully-paid Rights Shares and refund cheques, if any, (i) in respect of wholly or partially unsuccessful applications for excess Rights Shares; or (ii) in case the Rights Issue is terminated Friday, 16 June

Commencement of dealings in fully-paid Rights Shares 9:00 a.m. on Monday, 19 June

**This timetable is indicative only and may be extended or varied. Any change to the expected timetable above will be announced by the Company as and when appropriate.**

#### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The latest time for acceptance of and payment for Rights Shares will not take place if a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons, or a black rainstorm warning is:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; and
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the section headed “Expected Timetable” in this announcement may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 17 May 2023 to Tuesday, 23 May 2023 (both dates inclusive) for determining the entitlement to the Rights Shares. No transfer of Shares will be registered during the above book closure periods.

## REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group's principal businesses are investment in and management and operation of healthcare and hospital businesses, eldercare businesses, trading of medical equipment and related supplies, property investment and development, securities trading and investments, provision of financial services and strategic investment.

As at the date of this announcement, the Group's healthcare division (the "**Healthcare Division**") has two integrated hospitals and one clinic in operation, namely the Nanjing hospital ("**NJH**"), Kunming hospital ("**KMH**") and Cedar Care Polyclinic in Nanjing ("**NCCC**"). NJH is a Class III B integrated hospital located in Jiangning Development Zone, Nanjing City, Jiangsu Province, the PRC and operates 41 clinical medical & technical departments. KMH is another Class III A integrated hospital of the Group located in Kunming City, Yunnan Province, the PRC and operates 42 clinical medical & technical departments. NCCC, the high-end integrated clinic situated at the prime commercial building in central business district of Hexi, Nanjing, Jiangsu Province, the PRC commenced operation in October 2022 and offers a wide range of healthcare services, such as general practice, ophthalmology, otorhinolaryngology, stomatology and medical aesthetic.

As disclosed in the annual reports of the Company for the period from 1 July 2018 to 31 December 2019 and for the years ended 31 December 2020, 2021 and 2022, the Group has planned to develop the phase II of KMH. The Company considers that the development of the phase II of KMH will not only expand the scale of the existing basic medical functions, but also diversify the provision of medical services to other areas with the development of nuclear medical treatment and tumor centre. The expansion plan will enhance the operating capacity of KMH so as to facilitate the Group in capturing the growing market demand and bring positive impact on the performance of the healthcare segment of the Group. The Group aims to develop KMH as one of the most competitive private, integrated hospitals in the southwestern part of the PRC.

The phase II of KMH includes, among others, the integrated inpatient building (綜合住院樓), thyroid centre (甲狀腺中心) and the rehabilitation medical building (康復醫學樓) with a total gross floor area of approximately 68,911 sq.m. The Company currently estimates that its total development cost would be approximately RMB555 million (equivalent to approximately HK\$649.35 million).

Reference is made to the Company's announcement dated 8 July 2022 in respect of the construction agreement of the phase II of KMH. On 8 July 2022, after a tendering and selection process, the Group entered into the construction agreement with a main contractor (an Independent Third Party) for the construction and installation works of the phase II of KMH, which includes, among others, the earthworks, foundation works, structure construction work, electric work, water supply and drainage, ventilation work, fire protection work, etc. (the "**Construction Works**") at the consideration of approximately RMB225.9 million (equivalent to approximately HK\$264.3 million). Based on information currently available, the Company expects that the Construction Works will be completed by 2024.

The Company currently intends to apply the net proceeds of approximately HK\$309.1 million from the Rights Issue (assuming no change in number of Shares in issue on or before the Record Date and full subscription under the Rights Issue) for financing the development of the phase II of KMH. The remaining balance of the development cost of phase II of KMH will be funded by the Group's internal resources and/or borrowings.

The Company has considered alternative fundraising methods which include debt financing or placing of new Shares or open offer. For debt financing, since the relevant medical use land and buildings of KMH are prohibited as pledge of assets in obtaining loans pursuant to relevant provision under The Guarantee Law of the PRC, obtaining a long term loan from financial institutions without the pledge of the assets of KMH for the development of the phase II of KMH is difficult in this circumstance. The Company considers that short term debt financing is not appropriate for financing a long term project as short term loan is subject to renewal and refinancing risk. In addition, as at 31 December 2022, borrowings of the Group which fell into current liabilities amounted to approximately HK\$545 million and the Group had net current liabilities of approximately HK\$97 million, the Company considers it not appropriate to substantially increase further liabilities at this stage. The Rights Issue will enable the Company to strengthen its capital base without incurring interest expense and enhance its financial position. For placing of new Shares, it would dilute the shareholding of the existing Shareholders while the Rights Issue will allow the Qualifying Shareholders to maintain their respective shareholdings in the Company on a pro rata basis and participate in the future development of the Company. As opposed to an open offer, rights issue has the benefit of enabling Shareholders to sell the nil-paid rights in the market. In view of the above, the Company considers that the Rights Issue is an appropriate means to raise fund.

In view of the above and the reasons described in the sub-section headed "Subscription Price" under the section headed "Proposed Rights Issue", the Board considers that the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.



## **FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS**

The Company has not conducted any fundraising activity involving issue of equity securities in the past twelve months immediately preceding the date of this announcement.

## **LISTING RULES IMPLICATIONS**

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement, and the Rights Issue will not on its own increase either the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders under the Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

## **DESPATCH OF PROSPECTUS DOCUMENTS**

The Prospectus Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Wednesday, 24 May 2023. The Company will send the Prospectus Documents to the Qualifying Shareholders only and will, subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant overseas jurisdictions of Overseas Shareholders, if any, and to the extent reasonably practicable, send the Prospectus (excluding the PAL and EAF) to the Non-Qualifying Shareholders for information purposes only.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed "Termination of the Underwriting Agreement" under the section headed "The Underwriting Agreement" in this announcement). Accordingly, the Rights Issue may or may not proceed.**

**The Shares are expected to be dealt in on an ex-rights basis from Monday, 15 May 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 29 May 2023 to Monday, 5 June 2023. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

**Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.**

## **DEFINITIONS**

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

“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the majority of board of Directors of the Company
“Business Day(s)”	any day (not being a Saturday, Sunday or public holiday in Hong Kong and a day on which typhoon signal no. 8 or a black rainstorm warning is hoisted at any time in Hong Kong) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours and the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	China Medical & HealthCare Group Limited, a company incorporated in Bermuda with limited liability, the issued ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 383)

“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“controlling Shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EAF”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of the Company and any connected person(s) of the Company and not a connected person of the Company
“Last Trading Day”	Friday, 5 May 2023, being the last trading day of the Shares before the release of this announcement
“Latest Acceptance Date”	Thursday, 8 June 2023
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 8 June 2023, or such other time and/or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and the payment for, the Rights Shares under the Rights Issue
“Latest Time for Termination”	4:00 p.m. on Friday, 9 June 2023, or such other time and/or date as may be agreed between the Company and the Underwriter in writing, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Board, after making enquiries regarding the legal restrictions under the laws of the relevant jurisdictions or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue
“Overseas Letter”	a letter from the Company to the Non-Qualifying Shareholder(s) (if any) explaining the circumstances in which the Non-Qualifying Shareholder(s) (if any) is/are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus to be issued to the Qualifying Shareholders (and the Non-Qualifying Shareholder(s) for information purposes only) containing, among other things, details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Wednesday, 24 May 2023 or such other date as may be agreed between the Company and the Underwriter, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders (in case of the Non-Qualifying Shareholders, the Prospectus only)
“Qualifying Shareholder(s)”	Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date

“Record Date”	Tuesday, 23 May 2023, or on such other date as may be agreed between the Company and the Underwriter, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined
“Registrar”	Tricor Tengis Limited, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) Shares in issue on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Shares”	362,001,819 new Shares proposed to be allotted and issued under the Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date)
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Option(s)”	share option(s) granted under the share option scheme adopted by the Company on 7 March 2019 entitling the holder(s) thereof to subscribe for Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.88 per Rights Share
“substantial shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

“Underwriter”	Get Nice Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 5 May 2023 entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	362,001,819 Rights Shares to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.17 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or at any other rates.

By order of the Board  
**China Medical & HealthCare Group Limited**  
**Chong Sok Un**  
*Deputy Chairman*

Hong Kong, 5 May 2023

*As at the date of this announcement, the Directors comprises:-*

*Executive Directors*

*Ms. Chong Sok Un (Deputy Chairman), Mr. Kong Muk Yin, Mr. Guo Meibao and Mr. Zhou Haiying*

*Non-Executive Directors*

*Mr. Lai Hin Wing Henry Stephen and Mr. Gao Zhaoyuan*

*Independent Non-Executive Directors*

*Mr. Zhang Jian, Dr. Xia Xiaoning, Dr. Wong Wing Kuen, Albert and Ms. Yang Lai Sum, Lisa*