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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Medical & HealthCare Group Limited**, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibilities for the contents of the Prospectus Documents, make no representations as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Dealings in the Shares and the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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## China Medical & HealthCare Group Limited

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 383)**

### 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

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Capitalised terms used in this cover have the same meanings as those defined in this prospectus.

It should be noted that the Shares have been dealt on an ex-rights basis from Monday, 15 May 2023. Dealings in the Rights Shares in their nil-paid form will take place from Monday, 29 May 2023 to Monday, 5 June 2023, (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable), the Rights Issue will not proceed. Any persons contemplating dealings in the Shares prior to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable), and/or dealings in the nil-paid Rights Shares, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

The Underwriting Agreement contains provisions granting the Underwriter, by notice in writing to the Company, served prior to the Latest Time for Termination, the right to terminate the Underwriting Agreement on the occurrence of certain events including force majeure. These certain events are set out in the section headed "Termination of Underwriting Agreement" on pages 8 to 9 of this prospectus. If the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed.

The latest date and time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Thursday, 8 June 2023. The procedures for acceptance and payment and/or transfer of the Rights Shares are set out on pages 18 to 23 of this prospectus.

24 May 2023

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following terms shall have the following meaning:*

“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 5 May 2023 in relation to, among other things, the Rights Issue
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Board Meeting”	the Board meeting held on 5 May 2023 to consider, among others, the Rights Issue
“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

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## DEFINITIONS

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“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
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“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 the Announcement
“Latest Acceptance Date”	Thursday, 8 June 2023
“Latest Practicable Date”	18 May 2023, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information referred to in this prospectus
“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

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## DEFINITIONS

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“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, considers it necessary or expedient to exclude them from 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) issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China which, for the purpose of this prospectus, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus Documents”	this prospectus, the PAL and the EAF
“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, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are 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

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## DEFINITIONS

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“Rights Shares”	362,001,819 new Shares proposed to be allotted and issued under the Rights Issue
“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)
“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)
“Shareholder(s)”	the holder(s) of the Share(s)
“Shares”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company
“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

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## DEFINITIONS

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“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 prospectus, 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.

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## EXPECTED TIMETABLE

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Set out below is the expected timetable of the Rights Issue:

<b>Event</b>	<b>Time and Date 2023</b>
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 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

All times stated in this prospectus refer to Hong Kong times. Any changes to the anticipated timetable for the Rights Issue, if required, will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.



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## EXPECTED TIMETABLE

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

The latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares will not take place at the time indicated above if a typhoon signal No. 8 (or above), “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong, or a “black” rainstorm warning is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess 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 in Hong Kong 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 and application and payment for excess Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the section headed “Expected Timetable” in this prospectus 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.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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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.

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## **TERMINATION OF THE UNDERWRITING AGREEMENT**

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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.

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LETTER FROM THE BOARD

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**China Medical & HealthCare Group Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 383)**

*Executive Directors:*

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

*Registered office:*

Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10  
Bermuda

*Non-Executive Directors:*

Mr. Lai Hin Wing Henry Stephen  
Mr. Gao Zhaoyuan

*Head Office and Principal Place of  
Business in Hong Kong:*

47th Floor  
United Asia Finance Centre  
333 Lockhart Road  
Wanchai, Hong Kong

*Independent Non-Executive Directors:*

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

24 May 2023

*To the Qualifying Shareholders,*

Dear Sir/Madam,

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

**INTRODUCTION**

Reference is made to the Announcement, pursuant to which 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. The Rights Issue is fully underwritten by the Underwriter.

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## LETTER FROM THE BOARD

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The purpose of this prospectus is to provide you with further details of the Rights Issue, including information on dealing in, transfer and acceptance of the Rights Shares, and certain financial and other information in respect of the Group.

### THE RIGHTS ISSUE

Details of the Rights Issue 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 Record Date:	724,003,638 Shares
Number of Rights Shares to be issued:	362,001,819 Rights Shares
Aggregate nominal value of the Rights Shares:	HK\$3,620,018.19
Number of issued Shares upon completion of the Rights Issue:	1,086,005,457 Shares (assuming 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

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## LETTER FROM THE BOARD

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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

As at the Latest Practicable Date, 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.

Assuming 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) 50.00% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

### **No irrevocable commitments**

As at the Latest Practicable Date, 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.

### **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, application for excess Rights Shares or 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 4.3% to the closing price of HK\$0.92 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iii) 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;

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## LETTER FROM THE BOARD

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- (iv) 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;
- (v) 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;
- (vi) 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\$1.00 per Share and the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of HK\$1.06 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.

At the Board Meeting, eight Directors (namely Ms. Chong Sok Un, Mr. Kong Muk Yin, Mr. Guo Meibao, Mr. Lai Hin Wing Henry Stephen, Mr. Zhang Jian, Dr. Xia Xiaoning, Dr. Wong Wing Kuen, Albert and Ms. Yang Lai Sum, Lisa) voted for and two Directors (namely Mr. Zhou Haiying (an executive Director) and Mr. Gao Zhaoyuan (a non-executive Director)) voted against the Rights Issue. All relevant board resolutions of the Rights Issue were duly passed at the Board Meeting pursuant to the memorandum of association and bye-laws of the Company.

The Company noted that the Subscription Price represents a discount of approximately 59.1% to the net asset value of the Company per Share as at 31 December 2022. However, as the Shares have been trading at a deep discount to the net asset value of the Company in the past three

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## LETTER FROM THE BOARD

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months, the Company considers that the market price of the Shares is a better indicator of the market valuation of the Company and it is fair and reasonable to determine the Subscription Price with reference to the market price of the Share.

The Board (excluding Mr. Zhou Haiying (an executive Director) and Mr. Gao Zhaoyuan (a non-executive Director) who voted against the Rights Issue at the Board Meeting) 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) issuance of new shares by way of rights issue at a discount to the then market price has been commonly adopted by listed issuers in Hong Kong to encourage existing shareholders to take up their entitlements so as to participate in the business development of the listed issuers;
- (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 fall within the range of discounts to market price in the rights issues conducted by other listed issuers in Hong Kong and would encourage the Qualifying Shareholders to subscribe for their assured entitlements under the Rights Issue;
- (iii) 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 participate in the future development of the Group; and
- (iv) the funding needs of the Group as set out in the section headed “Reasons for and benefits of the rights issue and use of proceeds” in this prospectus.

### **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.



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## LETTER FROM THE BOARD

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### Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of the Company on the Record Date; and
- (ii) not be a Non-Qualifying Shareholder on the Record Date.

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 or equivalent legislation of any jurisdiction other than that in Hong Kong.

According to the register of members of the Company, as at the Record Date, the Company had eight Overseas Shareholders with registered addresses situated outside of Hong Kong, in British Virgin Islands, Malaysia, United Kingdom, Germany, Switzerland and Thailand, who collectively held 100,011,147 Shares in aggregate (representing approximately 13.8% of the total number of Shares in issue as at the Record Date), details of which are as follows:

<b>Jurisdiction of the registered address of the Overseas Shareholder</b>	<b>Number of Overseas Shareholders</b>	<b>Aggregate number of Shares held</b>	<b>Approximate percentage of shareholding</b>
British Virgin Islands	1	100,000,000	13.8%
Malaysia	2	5,600	0.0008%
United Kingdom	1	4,000	0.0006%
Thailand	1	800	0.0001%
Germany	2	684	0.0001%
Switzerland	1	63	0.0000%

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## LETTER FROM THE BOARD

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In compliance with Rule 13.36(2)(a) of the Listing Rules, the Directors have made enquiries with the legal advisers of each of British Virgin Islands, Malaysia, United Kingdom, Germany, Switzerland and Thailand regarding the legal restrictions and regulatory requirements in each of these jurisdictions on extending the Rights Issue to the relevant Overseas Shareholders.

The legal adviser to the Company as to British Virgin Islands laws is of the view that if the proposed Rights Issue is made by the Company in Hong Kong and the Rights Issue is being made by the Company to the Shareholder(s) whose registered address is in the British Virgin Islands (the “**BVI Shareholder(s)**”) solely by reason that they are existing Shareholder(s), there are no restrictions under securities law or other similar laws in the British Virgin Islands which would prevent the Company from including the BVI Shareholder(s) in the Rights Issue.

The legal adviser to the Company as to Malaysian laws is of the view that there are no legal restrictions under the laws of Malaysia or the requirements of the relevant regulatory body or stock exchange in Malaysia which would prevent the Company from including the Shareholder(s) whose registered address is in Malaysia in the Rights Issue.

The legal adviser to the Company as to United Kingdom laws (the “**UK Legal Adviser**”) is of the view that (i) there is no restriction as such under the laws and/or regulations of the United Kingdom against the Company extending the Rights Issue to the Shareholder whose registered address is in the United Kingdom (the “**UK Shareholder**”); (ii) the offer of the Rights Issue to the UK Shareholder would be exempt from the requirement for a prospectus in the United Kingdom, as the offer will be addressed to fewer than 150 natural or legal persons in the United Kingdom and is for a consideration of less than 8 million Euros for the shares offered in the United Kingdom; (iii) provided that certain exemptions apply (as they will in the UK Legal Adviser’s opinion), there are no other restrictions or compliance requirements, such as registration of the Prospectus Documents as a prospectus in the United Kingdom, for dispatching the Prospectus Documents to the UK Shareholder, and no specific disclosure in the Prospectus Documents would be required under the laws and/or regulations of the United Kingdom; and (iv) there are no other restrictions or compliance requirements that the Company should comply with and/or take note of in relation to the Rights Issue if it is extended to the UK Shareholder.

The legal adviser to the Company as to German laws is of the view that (i) the issue of Rights Shares is subject to a large number of regulations, but these regulations are only applicable for stock corporations with registered seat in Germany; (ii) the Shareholders with registered addresses in Germany (the “**German Shareholders**”) are not subject to any compliance requirements/formalities with regard to Rights Shares issued by a company listed on the Stock Exchange; and (iii) there are not any legal restrictions or requirements of relevant regulatory bodies or stock exchanges under the laws of Germany for extending the Rights Issue to the German Shareholders.

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## LETTER FROM THE BOARD

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The legal adviser to the Company as to Swiss laws (the “**Swiss Legal Adviser**”) is of the view that (i) the Federal Collective Investment Schemes Act of 23 June 2006 is not applicable in connection with the Rights Shares/Rights Issue and does not restrict in any way the extension of the Rights Shares to the Shareholder with registered address in Switzerland (the “**Swiss Shareholder**”); (ii) the extension of the Rights Shares to the Swiss Shareholder does not trigger a prospectus requirement in Switzerland; (iii) the Company is exempt from producing a key information document when approaching the Swiss Shareholder; and (iv) the Swiss Legal Adviser is not aware of any other concepts, laws or regulations under Swiss laws which would restrict the extension of the Rights Shares to the Swiss Shareholder.

The legal adviser to the Company as to Thai laws is of the view that (i) given that there is only one Shareholder in Thailand to be distributed for the prospectus documents of the Rights Issue and there has not been any historical offering to investors in Thailand within the past 12-month period, the distribution to such Shareholder is considered as private placement offering by an offshore issuer under the relevant regulations in Thailand and is exempt from obtaining an approval from and filing registration with the Office of the Securities and Exchange Commission (the “**SEC**”); and (ii) once the offering is completed, the Company must submit the sales report to the SEC within 15 days after the end of the subscription period for the Rights Issue.

With respect to the Overseas Shareholders in British Virgin Islands, Malaysia, United Kingdom, Germany, Switzerland and Thailand, based on the legal advice provided by each of the British Virgin Islands, Malaysia, United Kingdom, Germany, Switzerland and Thailand legal adviser, the Directors are of the view that it is expedient to extend the Rights Issue to the Overseas Shareholders in British Virgin Islands, Malaysia, United Kingdom, Germany, Switzerland and Thailand as there are no legal restrictions prohibiting the Company from making the Rights Issue in British Virgin Islands, Malaysia, United Kingdom, Germany, Switzerland and Thailand and no local legal or regulatory compliance is required to be attended by the Company in British Virgin Islands, Malaysia, United Kingdom, Germany, Switzerland and Thailand (save for the requirement to submit the sales report to the SEC once the offer is completed as disclosed above). Accordingly, Overseas Shareholders in British Virgin Islands, Malaysia, United Kingdom, Germany, Switzerland and Thailand together with the Shareholders with registered addresses in Hong Kong are Qualifying Shareholders. As such, there was no Non-Qualifying Shareholder as shown on the register of members of the Company on the Record Date.

Since there was no Non-Qualifying Shareholder as shown on the register of members of the Company on the Record Date, no arrangements will need to be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders (if any) to be provisionally allotted to a nominee and to be sold in the market in their nil-paid form.

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## LETTER FROM THE BOARD

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The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire the Rights Shares or to take up any entitlements to the Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

### **Basis of provisional allotments**

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) Shares held by the Qualifying Shareholders at the close of business on the Record Date. Acceptance of all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

### **Fractional entitlement of 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.

### **Procedures for acceptance and payment or transfer — PAL**

A PAL is enclosed with this prospectus which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to them as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon with the Registrar, together with a remittance for the full amount payable on acceptance, so as to be received by no later than 4:00 p.m. on Thursday, 8 June 2023 (or, under bad weather conditions, such later date as mentioned in the paragraph "Effect of bad weather on the Latest Time for Acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares" in the section headed "Expected Timetable" in this prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**China Medical & HealthCare Group Limited — PAL**" and crossed "**Account Payee Only**".

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## LETTER FROM THE BOARD

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It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Thursday, 8 June 2023, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders. The Company may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicant at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or transfer part of his/her/its rights to more than one person, the entire and original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Wednesday, 31 May 2023 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. You must pay the exact amount payable upon application for the Rights Shares, underpaid application will be rejected. In the event of overpaid application, a refund cheque, without interest, will be made out to you if the overpaid amount is HK\$100 or above.

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## LETTER FROM THE BOARD

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Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event, the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement prior to the Latest Time for Termination and/or if any of the conditions of the Rights Issue is not fulfilled or waived by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the monies received in respect of the relevant provisional allotment, without interest, will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on Friday, 16 June 2023.

No receipt will be issued in respect of any application monies received.

### **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**").

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## LETTER FROM THE BOARD

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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 Latest Practicable Date, 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.

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## LETTER FROM THE BOARD

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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 as a single Shareholder under the aforesaid arrangement in relation to the allocation of excess Rights Shares.

In the event that the Company notes unusual patterns of excess applications and has a 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 Company.

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:00 p.m. on Thursday, 8 June 2023. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**China Medical & HealthCare Group Limited — EAF**" and crossed "**Account Payee Only**".

If no excess Rights Shares are allotted to a Qualifying Shareholder who has applied for excess Rights Shares, the remittance tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full without interest by ordinary post to his/her/its registered address at his/her/its own risk by the Registrar on Friday, 16 June 2023. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies is also expected to be returned by refund cheque to that Qualifying Shareholder without interest by ordinary post to his/her/its registered address at his/her/its own risk by the Registrar on Friday, 16 June 2023.

All cheques or cashier's orders accompanying completed EAFs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or a cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or cashier's order is dishonoured on first presentation.



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## LETTER FROM THE BOARD

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If any of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” under the section headed “The Underwriting Agreement” below is not fulfilled or waived (where applicable) at or before 4:00 p.m. on Friday, 9 June 2023 (or such later time and date as may be agreed between the Company and the Underwriter), the Rights Issue will not proceed. Under such circumstances, the remittance received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on Friday, 16 June 2023.

### **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.

### **Taxation**

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising their rights in, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of any person resulting from the receipt, purchase, holding, exercising their rights in, disposing of or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

### **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 the acceptance for Rights Shares are expected to be posted on Friday, 16 June 2023 by ordinary post to the applicants at their own risk.

### **Application for listing**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

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## LETTER FROM THE BOARD

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Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, 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 both their nil-paid and fully-paid forms 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 trading 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 stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 5,000 Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the Registrar will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

### 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
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

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## LETTER FROM THE BOARD

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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 (excluding Mr. Zhou Haiying (an executive Director) and Mr. Gao Zhaoyuan (a non-executive Director) who voted against the Rights Issue (including the Underwriting Agreement) at the Board Meeting) 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;

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## LETTER FROM THE BOARD

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- (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 Latest Practicable Date, 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).

### **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

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## LETTER FROM THE BOARD

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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.**

## LETTER FROM THE BOARD

### EFFECTS ON THE SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (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		Immediately after		Immediately after completion	
	Latest Practicable Date		completion of the		of the Rights Issue (assuming	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	none of the Rights Shares are	
				subscribed for by the		
				Qualifying Shareholders		
				and all Untaken Shares are		
				subscribed for by or through		
				the Underwriter)		
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Cool Clouds Limited ( <i>Note 1</i> )	200,000,000	27.62%	300,000,000	27.62%	200,000,000	18.42%
Ms. Chong Sok Un ( <i>Note 2</i> )	130,244,457	17.99%	195,366,686	17.99%	130,244,457	11.99%
Victor Beauty Investments						
Limited ( <i>Note 3</i> )	100,000,000	13.81%	150,000,000	13.81%	100,000,000	9.21%
Fareast Global Limited ( <i>Note 4</i> )	92,876,481	12.83%	139,314,721	12.83%	92,876,481	8.55%
Underwriter ( <i>Note 5</i> )	—	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>724,003,638</b>	<b>100.00%</b>	<b>1,086,005,457</b>	<b>100.00%</b>	<b>1,086,005,457</b>	<b>100.00%</b>

*Notes:*

- Cool Clouds Limited is a wholly-owned subsidiary of Resuccess Investments Limited which in turn is wholly-owned by Tsinghua Tongfang Co., Ltd.
- 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.
- Victor Beauty Investments Limited is indirectly wholly-owned by China Minsheng Investment Group Corp., Ltd.

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## LETTER FROM THE BOARD

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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 and parties acting in concert (within the meaning of the Takeovers Code) 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.

### 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 Latest Practicable Date, 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

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## LETTER FROM THE BOARD

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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 an approved total construction area of approximately 66,021 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 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 loan pursuant to relevant



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## LETTER FROM THE BOARD

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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 (excluding Mr. Zhou Haiying (an executive Director) and Mr. Gao Zhaoyuan (a non-executive Director) who voted against the Rights Issue at the Board Meeting) 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 Latest Practicable Date.

### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID 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 prospectus). Accordingly, the Rights Issue may or may not proceed.**

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## LETTER FROM THE BOARD

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Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue are fulfilled, 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/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).

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this prospectus.

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

**FINANCIAL INFORMATION OF THE GROUP**

The audited consolidated financial statements of the Group for the three financial years ended 31 December 2020, 2021 and 2022 are set out in the following documents which have been published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.cmhg.com.hk](http://www.cmhg.com.hk):

- (i) for the year ended 31 December 2020, on page 68 to 184 of the 2020 annual report of the Company released on 29 April 2021 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042902739.pdf>;
- (ii) for the year ended 31 December 2021, on page 71 to 157 of the 2021 annual report of the Company released on 28 April 2022 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042802207.pdf>; and
- (iii) for the year ended 31 December 2022, on page 78 to 173 of the 2022 annual report of the Company released on 27 April 2023 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042704222.pdf>.

**WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the financial resources, including banking facilities and other borrowings available to the Group and its internally generated funds, the expected financing of other borrowings, and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its requirements for at least the next twelve months from the date of this prospectus.

**STATEMENT OF INDEBTEDNESS**

As at the close of business on 30 April 2023, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this prospectus, the Group's indebtedness are set out below:

As at 30 April 2023, the Group had outstanding total borrowings of approximately HK\$817,703,000, comprising secured bank borrowings of approximately HK\$119,030,000, unsecured bank borrowings of approximately HK\$361,148,000, secured other borrowings of approximately HK\$21,511,000, and unsecured term loans of approximately HK\$316,014,000.

As at 30 April 2023, the Group, as lessees, had lease liabilities of approximately HK\$44,357,000.

As at 30 April 2023, investments held for trading of approximately HK\$8,401,000, certain buildings (included in property, plant and equipment) of approximately HK\$242,314,000, certain investment properties of approximately HK\$329,358,000, certain properties under development for sale of approximately HK\$148,898,000, pledged bank deposits of approximately HK\$34,148,000 and certain medical equipment (included in property, plant and equipment) of approximately HK\$40,484,000 were pledged to banks, financial institution, securities brokers houses and finance lease provider to secure credit facilities granted to the Group.

Save as disclosed above and apart from intra-group liabilities, at the closing business on 30 April 2023, the Group did not have any loan capital issued and outstanding or agreed to be issued, other debt securities or other similar indebtedness, liabilities under acceptance (other than normal trade bills and payables) or acceptance credits, debentures, mortgages, charges, hire purchase or other finance lease commitments, guarantees or other contingent liabilities.

#### MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the paragraph headed “Financial and Trading Prospect of the Group” below, the Directors confirm that there is no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest audited consolidated financial statements of the Group were made up.

#### FINANCIAL AND TRADING PROSPECT OF THE GROUP

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.

For the year ended 31 December 2022, the Group recorded a total revenue of HK\$1,437,863,000 (2021: HK\$1,465,679,000) representing an approximately 1.9% decrease as compared with the total revenue for the year ended 31 December 2021 (“**FY2021**”) and a loss attributable to owners of the Company of HK\$123,574,000 (2021: HK\$137,296,000) representing (a) an approximately 10.0% decrease as compared with the loss attributable to owners of the Company for FY2021; but (b) an approximately 80.5% increase (“**Increase**”) as compared with the loss attributable to owners of the Company for FY2021 excluding the one-off non-recurring item of impairment loss on loan receivable (2021: HK\$68,846,000).

Such Increase in loss attributable to owners of the Company was mainly due to (i) the decrease in revenue from operations of the Eldercare Division as disrupted by the partial lockdown and social restriction arising from the resurgence of the COVID-19 pandemic in Shanghai; (ii) the

pre-operation expenses of Cedar Care Polyclinic in Nanjing (“NCCC”) newly opened in October 2022; (iii) the increase in employee benefit expenses of the Healthcare Division after revision of base salaries for social insurance contribution; (iv) the increase in impairment loss under expected credit losses model (excluding loan receivable); (v) the loss on fair value changes on investment properties; (vi) the provision for properties under development for sale and properties held for sale; (vii) the written-off of property, plant and equipment; and (viii) the increase in repair and maintenance charge of the Healthcare Division which were partially off-set by (ix) no impairment loss of goodwill.

For 2022, the operating environment of the Healthcare Division has been adversely impacted by the partial lockdown and social restriction arising from the resurgence of the COVID-19 pandemic in Nanjing, the PRC; the consequential epidemic preventive measures; and the impacts from the reform of the national healthcare policies and medical insurance policies in particular the relevant medical insurance payment and settlement policies while the operations of the Eldercare Division were affected by the negative impacts of the COVID-19 epidemic in Shanghai, the PRC; the consequential restrictive regulations and measures on elders community village; and the increasingly tightened regulation and control in elders real estate market in the PRC.

In 2023, the Healthcare Division will cautiously carry out the construction of the phase II of KMH, and the Oncology and Nuclear Medicine Centre of NJH and continue the development of highend out-patient clinics, NCCC, so as to achieve enhancement and upgrade in the midst of new opportunities and challenges.

While the Healthcare Division will continue to improve the operational management in enhancing the revenue stream, service quality as well as cost control, the Healthcare Division will put efforts on scientific research development and introduction of academic leaders, in order to strengthen the foundation of the hospitals and accelerate the development and business expansion of the Healthcare Division. The Healthcare Division will also leverage on its own medical advantages to drive consumer medical specialties, such as medical aesthetics and postnatal care centers to strengthen its internal capabilities and enhance its branding with advanced medical technology, diversified product portfolio and high quality service experience.

In 2023, the Eldercare Division plans to improve the overall operating results by increasing the occupancy rate of its elderly homes, adjusting the operation model of its SAs and improving its service quality. The Eldercare Division will maintain the customers in the community village and enhance service reputation by introducing free medical consultation and organising more community activities to improve the experience of the elders. Besides, the Eldercare Division will overhaul its marketing process through community promotion and establishment of its own we-media to attract potential customers. The Eldercare Division will also improve the quality and

efficiency by strengthening internal management, optimising products and services and refining management of operating costs. Moreover, the Eldercare Division will raise the remuneration of front-line staff to motivate them in keeping the service quality.

The Group expects that volatility in the economic and business environment will remain due to factors such as seemingly accelerating geo-political conflicts and tensions, spiraling global inflation, continued interest rate hike and long term ill-effects of the pandemic. With the uncertainty in the economic and business outlooks amid the post-pandemic era, and the impact from increasingly stringent national healthcare policies and medical insurance policies, the operating condition of the Group will continue to be challenging. The Group will be cautious and continue to review and adjust its business and investment strategies, and investment portfolio to suit the prevailing challenging economic and investment environment and will seek investment and business opportunities in the PRC, Hong Kong and the Asia Pacific region to enhance value for its shareholders.

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**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

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**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2022 (the “**Unaudited Pro Forma Financial Information**”) prepared by the Directors in accordance with Paragraph 13 of Appendix 1B and Paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effects of the Rights Issue on the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2022 as if the Rights Issue had taken place on 31 December 2022.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company immediately or any future date after the completion of the Rights Issue.

The following Unaudited Pro Forma Financial Information was prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2022, as extracted from the published annual report of the Company and adjusted as described below:

	<b>Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2022</b>	<b>Estimated net proceeds from the Rights Issue</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Based on 362,001,819 Rights Shares to be issued at Subscription Price of HK\$0.88 per Rights Share	<u>1,554,942</u>	<u>309,062</u>	<u>1,864,004</u>
	<i>(Note 1)</i>	<i>(Note 2)</i>	

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## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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Audited consolidated net tangible assets of the Group per Existing Share attributable to owners of the Company as at 31 December 2022 before the implementation of the Share Consolidation and completion of the Rights Issue ( <i>Note 3</i> )	HK\$0.11
Consolidated net tangible assets of the Group per Consolidated Share attributable to owners of the Company as at 31 December 2022 immediately before the completion of the Rights Issue ( <i>Note 4</i> )	HK\$2.15
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Consolidated Share attributable to owners of the Company immediately after the completion of the Rights Issue ( <i>Note 5</i> )	HK\$1.72

*Notes:*

1. The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2022 were extracted from the audited consolidated statement of financial position of the Group as at 31 December 2022 included in the published annual report of the Company for the year ended 31 December 2022, which is based on the audited net assets attributable to owners of the Company.
2. The estimated net proceeds of approximately HK\$309,061,601 from the Rights Issue are calculated based on gross proceeds of approximately HK\$318,561,601 from the issue of 362,001,819 Rights Shares at the Subscription Price of HK\$0.88 per Rights Share after deduction of the estimated underwriting fees and other related expenses payable by the Company of approximately HK\$9,500,000 attributable to the Rights Issue.
3. The audited consolidated net tangible assets of the Group per share attributable to owners of the Company as at 31 December 2022 is calculated based on 14,480,072,773 shares in issue as at 31 December 2022 (“**Existing Shares**”), before the implementation of the share consolidation on 24 February 2023 on the basis that every twenty Existing Shares of HK\$0.0005 each were consolidated into one share of HK\$0.01 each (the “**Consolidated Share**”) (the “**Share Consolidation**”) and completion of the Rights Issue.
4. The consolidated net tangible assets of the Group per Consolidated Share attributable to owners of the Company as at 31 December 2022 is calculated based on 724,003,638 Consolidated Shares immediately before the completion of the Rights Issue, assuming that the Share Consolidation had become effective as at 31 December 2022.
5. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Consolidated Share attributable to owners of the Company immediately after the completion of the Rights Issue is calculated based on (i) 724,003,638 Consolidated Shares and (ii) 362,001,819 Rights Shares, assuming that the Share Consolidation had become effective and Rights Issue had been completed on 31 December 2022.
6. Except as disclosed above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2022.



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## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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### B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

*The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountant, RSM Hong Kong, Certified Public Accountants, Hong Kong.*



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The Board of Directors  
China Medical & HealthCare Group Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Medical & HealthCare Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 December 2022 and related notes (“**Unaudited Pro Forma Financial Information**”) as set out on pages 37 to 38 of the Company’s prospectus dated 24 May 2023, in connection with the proposed rights issue of the Company (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Section A of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the Group’s net tangible assets as at 31 December 2022 as if the proposed rights issue had been taken place at 31 December 2022. As part

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## **APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

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of this process, information about the Group's net tangible assets has been extracted by the Directors from the Group's consolidated financial statements as included in the annual report for the year ended 31 December 2022, on which an audit report has been published.

### **Directors' Responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

### **Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2022 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the proposed rights issue, the application of those net proceeds, or whether such use will actually take place as described under the paragraph headed "Reasons for and Benefits of the Rights Issue and Use of Proceeds" in the section headed "Letter from the Board" set out on pages 29 to 31 of the Prospectus.

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

**RSM Hong Kong**

*Certified Public Accountants*

24 May 2023

**RESPONSIBILITY STATEMENT**

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

**SHARE CAPITAL**

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue (assuming no further issue of Shares from the Latest Practicable Date up to the completion of the Rights Issue) was and will be as follows:

**As at the Latest Practicable Date***HK\$**Authorised:*

30,000,000,000 Shares of HK\$0.01 each	HK\$300,000,000.00
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*Issued and fully paid:*

724,003,638 Shares of HK\$0.01 each	HK\$7,240,036.38
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**Immediately following the completion of the Rights Issue***HK\$**Authorised:*

30,000,000,000 Shares of HK\$0.01 each	HK\$300,000,000.00
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*Issued and fully paid:*

1,086,005,457 Shares of HK\$0.01 each	HK\$10,860,054.57
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All the issued Shares in the capital of the Company (including the Rights Shares to be issued) rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares to be issued.

The issued Shares are listed on the Stock Exchange. None of the securities of the Company is listed or dealt in, and no listing of or permission to deal in the securities of the Company is being or is proposed to be sought, on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are or will be waived or agreed to be waived.

Save as disclosed above, the Company has no other derivatives, outstanding convertible securities, Share Options, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

As at the Latest Practicable Date, there was no share or loan capital of any member of the Group which was under option, or agreed conditionally or unconditionally to be put under option.

#### **PARTICULARS OF DIRECTORS**

Biographies of the existing Directors are set out below:

##### ***Executive Directors***

**Ms. Chong Sok Un (“Ms. Chong”)**, M.H. aged 68, was appointed as an executive director and the chairman of the Company on 23 August 2002 and has been re-designated as the deputy chairman of the Company since 16 December 2015. Ms. Chong was awarded the Medal of Honour (M.H.) by the Government of the Hong Kong Special Administrative Region on 1 July 2011. She is a member of the National Committee of the Chinese People’s Political Consultative Conference, Guangdong Province, the Honorary Director of the Chinese Red Cross Foundation, Permanent Honorary Chairman of the Hong Kong Federation of Fujian Associations, vice chairman of the Hong Kong Federation of Fujian Associations Ladies’ Committee and Honorary Chairman of All-China Women’s Federation Hong Kong Delegates Association. She is the namer and director of YOT Chong Sok Un Medical Fund (cancer aid) since 2007 and a member of Yan Oi Tong Advisory Board since 2011. Ms. Chong was the chairman of the 31st Term Board of Directors of Yan Oi Tong from 2010 to 2011 and a director of the 27th Term Board of Directors of Yan Oi Tong from 2006 to 2007. She was also a director of Po Leung Kuk from 2009 to 2010. She was an executive director and the chairman of APAC Resources Limited (a company listed on the main board of the Stock Exchange, stock code: 1104) from 6 July 2007 to 1 March 2016 and a non-executive director

of Alibaba Pictures Group Limited (formerly known as ChinaVision Media Group Limited, a company listed on the main board of the Stock Exchange, stock code: 1060) from 25 June 2007 to 23 April 2009.

**Mr. Kong Muk Yin (“Mr. Kong”)**, aged 57, was appointed as an executive director of the Company on 27 October 2022 and also was an executive director of the Company from 13 May 2002 to 13 May 2021. Mr. Kong was a non-executive director and the company secretary of Pan Asia Data Holdings Inc. (formerly known as Manfield Chemical Holdings Limited, a company listed on the main board of the Stock Exchange, stock code: 1561) from 12 June 2014 to 10 January 2020 and from 12 June 2014 to 31 December 2018 respectively. From 4 July 2007 to 24 June 2014, he was also an executive director and a non-executive director of Alibaba Pictures Group Limited (formerly known as ChinaVision Media Group Limited, a company listed on the main board of the Stock Exchange, stock code: 1060). He was an executive director of Shin Hwa World Limited (formerly known as Landing International Development Limited, a company listed on the main board of the Stock Exchange, stock code: 582) from 13 October 2009 to 21 January 2010 and an executive director of APAC Resources Limited (a company listed on the main board of the Stock Exchange, stock code: 1104) from 4 November 2009 to 1 March 2016. From September 2010 to September 2015, he was also a director of Mabuhay Holdings Corporation (a company listed on The Philippine Stock Exchange, Inc. (the “**Philippine Stock Exchange**”), stock code: MHC) and Philippine Infradev Holdings, Inc. (formerly known as IRC Properties, Inc., a company listed on the Philippine Stock Exchange, stock code: INFRA).

Mr. Kong graduated from the City University of Hong Kong with a Bachelor’s Degree in Business Studies. He is a fellow member of The Association of Chartered Certified Accountants (“**ACCA**”), a member of the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and a Chartered Financial Analyst and he has extensive experience in corporate finance, financial management, accounting and auditing.

**Mr. Guo Meibao (“Mr. Guo”)**, aged 49, was appointed as an executive director of the Company on 22 September 2018. Mr. Guo graduated with a major in Financial Accounting in 1995 and obtained an Executive Master of Business Administration from Fudan University, a Master of Business Administration from the Open University of Macau and a Certified Public Accountant in the People’s Republic of China (the “**PRC**”). He has more than 20 years of financial, operational and investment management experience in the PRC’s medical, property and other industries. Mr. Guo was the chairman of 深圳市大馬化投資有限公司 from March 2017 to September 2018. He was a financial controller and the chief executive officer and chairman of 同仁醫療產業集團有限公司 (Tongren Healthcare Industry Group Co., Ltd., a wholly-owned subsidiary of the Company) from October 2010 to October 2013 and from October 2013 to March 2017 respectively. He was a financial controller and the general manager and chairman of 連雲港嘉泰建設工程有限公司 (Lianyungang Jiatai Construction Co., Ltd., a wholly-owned subsidiary of the Company) from June

2006 to October 2010 and from January 2014 to March 2017 respectively. He was also a financial controller of 長安高爾夫球鄉村俱樂部 (Long Island Golf & Country Club) from December 1998 to June 2006.

**Mr. Zhou Haiying (“Mr. Zhou”)**, aged 52, was appointed as an executive director of the Company on 6 December 2018. Mr. Zhou graduated from Jiangxi University of Finance and Economics with a Bachelor’s Degree. He acts as the chief operating officer of Tsinghua Tongfang Co., Ltd. (“THTF”, a company listed on the Shanghai Stock Exchange, stock code: 600100) since April 2020 and is also a non-executive director of Neo-Neon Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 1868). From January 2018 to February 2020, he acted as a financial controller and the chief financial officer of THTF. From June 2003 to January 2018, he has served successively as a senior manager, the deputy director of the finance department, head of asset management department, the general manager of the capital finance department and an assistant to the president of Tsinghua Holdings Co., Ltd.. In addition, he also worked as a director of Liaoning Road & Bridge Construction Corporation (遼寧省路橋建設集團有限公司), a director of Beijing Huahuan Electronics Co., Ltd. (北京華環電子股份有限公司) and the supervisor of Unisplendour Corporation Limited (紫光股份有限公司).

#### *Non-Executive Directors*

**Mr. Lai Hin Wing Henry Stephen (“Mr. Lai”)**, aged 66, was appointed as a non-executive director of the Company on 11 November 2020. Mr. Lai graduated from the University of Hong Kong with a bachelor of law degree and was admitted as a solicitor in Hong Kong, England and Wales and the State of Victoria, Australia. Mr. Lai is a partner and co-chairman of Messrs. P. C. Woo & Co., a firm of solicitors and notaries in Hong Kong, and has been practicing in the legal field for more than forty years. Mr. Lai is a Notary Public and a China Appointed Attesting Officer in Hong Kong. Mr. Lai is the immediate past chairman and currently acts as an honorary council member, fellow member and chairman of the Corporate Governance Policies Committee of The Hong Kong Institute of Directors since July 2019. Mr. Lai is a member of the Process Review Panel for Securities and Futures Commission since November 2018. Mr. Lai has been appointed as a member of the Resolution Compensation Tribunal since 2018 and appointed as a member of the Consultation Panel of the West Kowloon Cultural District Authority in March 2021 and a member of the Board of Governors of The Hang Seng University of Hong Kong in April 2022. He is also a member of the Consents Committee of the Law Society of Hong Kong and a member of the Association of China-Appointed Attesting Officers Limited Disciplinary Tribunal Panel.



Mr. Lai is currently the non-executive director of Winfull Group Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 183) and also an independent non-executive director of each of ANTA Sports Products Limited (a company listed on the main board of the Stock Exchange, stock code: 2020) and China Resources Beer (Holdings) Company Limited (a company listed on the main board of the Stock Exchange, stock code: 291).

**Mr. Gao Zhaoyuan (“Mr. Gao”)**, aged 39, was appointed as a non-executive director of the Company on 27 October 2022. Mr. Gao graduated from the Shanghai University of Finance and Economics with a Bachelor’s Degree in Economics in 2005 and graduated from the Shanghai Jiao Tong University Shanghai Advanced Institute of Finance with a Master’s Degree in Business Administration in 2010. Mr. Gao joined CMIG Assets Management Corporation (Beijing) Co. Ltd. (北京中民資產管理有限公司, a wholly-owned subsidiary of China Minsheng Investment Group Co., Ltd., 中國民生投資股份有限公司) since April 2017. He serves as general manager of strategic investment department of CMIG Asset Management Co., Ltd. (中民投資資產管理有限公司).

Mr. Gao served as a vice president of the Institute Business Group II of DBS Bank (China) Co., Ltd. from October 2015 to April 2017. He also worked as the department head of corporate banking department of Shanghai Branch of The Bank of East Asia (China) Co., Ltd. from June 2010 to October 2015, the last position was senior trade finance manager of Ningbo Branch of HSBC Bank (China) Co., Ltd. from July 2007 to June 2010 and the relationship manager of credit department of Shanghai Xuhui Sub-branch of Bank of Communications from September 2005 to July 2007.

#### *Independent Non-Executive Directors*

**Mr. Zhang Jian (“Mr. Zhang”)**, aged 81, was appointed as an independent non-executive director of the Company on 16 October 2006. Mr. Zhang is a professional senior engineer in the People’s Republic of China. He was the chairman of Xian University of Architecture & Technology Peking Alumni Association until January 2022. He has been awarded National Outstanding Intellect in 1997 and National Top 10 Honest Persons of Outstanding Ability in 2004. Mr. Zhang has been awarded as Influential Person to China Nonferrous Metal Industry in 2005. From 1982 to 1998, he held various senior positions in China Nonferrous Metal Industry Company. From 1998 to 2003, he acted as the chairman and the general manager of China Nonferrous Metal Construction Group Company Ltd.. From 2003 to 2005, he acted as the general manager of China Nonferrous Metal Mining (Group) Co., Ltd.. From July 2016 to July 2020, he was an independent non-executive director of Go Higher Environment Co., Ltd..

**Dr. Xia Xiaoning (“Dr. Xia”)**, aged 63, was appointed as an independent non-executive director of the Company on 8 December 2016. Dr. Xia is an independent supervisor of Central China Securities Co., Ltd. (a company listed on the main board of the Stock Exchange, stock code: 1375). He was a non-executive director of Mason Group Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 273) from August 2015 to September 2016. Dr. Xia graduated from the electric engineering department of Harbin Institute of Technology in 1982 with a Bachelor’s Degree in Electric Engineering. He earned a Doctorate Degree from University Paris Dauphine in 1989.

Dr. Xia has over 23 years private equity/investment experience in Asia. Dr. Xia was a senior consultant/responsible officer (Type 4 and Type 9 licences of the Securities and Futures Commission of Hong Kong) to Vision Finance Group Limited from October 2012 to February 2015. From 2008 to 2012, he was the chief executive officer of CITP Advisors (Hong Kong) Limited. Dr. Xia worked for AIF Capital Limited (“AIF”), a pan Asia private equity firm based in Hong Kong from 1995 to 2008 and his last position with AIF was senior partner/managing director. Dr. Xia also worked for Asian Development Bank in Manila from 1989 to 1995 with his last position as investment officer.

**Dr. Wong Wing Kuen, Albert (“Dr. Wong”)**, aged 71, was appointed as an independent non-executive director of the Company on 6 December 2018. Dr. Wong holds a Doctor of Philosophy in Business Administration Degree from the Bulacan State University, Republic of the Philippines. He is a fellow member of The Chartered Governance Institute, The Hong Kong Chartered Governance Institute, The Taxation Institute of Hong Kong, Association of International Accountants and Society of Registered Financial Planners and also a member of Hong Kong Securities and Investment Institute, The Chartered Institute of Arbitrators and The Chartered Institute of Bankers in Scotland and a full member of Macau Society of Certified Practising Accountants.

Dr. Wong is the principal consultant of KND Associates CPA Limited since January 2018. He is an independent non-executive director of each of APAC Resources Limited (a company listed on the main board of the Stock Exchange, stock code: 1104), Solargiga Energy Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 757), China Merchants Land Limited (a company listed on the main board of the Stock Exchange, stock code: 978), Dexin China Holdings Company Limited (a company listed on the main board of the Stock Exchange, stock code: 2019), Dexin Services Group Limited (a company listed on the main board of the Stock Exchange, stock code: 2215) and China Wan Tong Yuan (Holdings) Limited (a company listed on the main board of the Stock Exchange, stock code: 6966 after transfer of listing from Growth Enterprise Market of the Stock Exchange (“GEM”), stock code: 8199 on 17 December 2019). Dr. Wong was an independent non-executive director of Capital Finance Holdings Limited (a company

listed on GEM, stock code: 8239) from 1 January 2018 to 31 December 2021 and China VAST Industrial Urban Development Company Limited (a company was listed on the main board of the Stock Exchange, stock code: 6166) from 6 August 2014 to 6 December 2022 respectively.

**Ms. Yang Lai Sum, Lisa (“Ms. Yang”)**, aged 56, was appointed as an independent non-executive director of the Company on 6 December 2018. Ms. Yang graduated from the University of Sydney with a Bachelor’s Degree in Law and Economics and is also qualified as a solicitor in Australia and England. She is a practicing solicitor in Hong Kong and currently a consultant of ONC Lawyers. Ms. Yang is also an independent non-executive director of each of Allied Group Limited (a company listed on the main board of the Stock Exchange, stock code: 373), Tian An China Investments Company Limited (a company listed on the main board of the Stock Exchange, stock code: 28) and Asiasec Properties Limited (a company listed on the main board of the Stock Exchange, stock code: 271).

#### **Business address of the Directors**

The business address of the Directors is the same as the Company’s principal place of business in Hong Kong at 47th Floor, United Asia Finance Centre, 333 Lockhart Road, Wanchai, Hong Kong.

#### **DISCLOSURE OF INTERESTS**

##### **Directors and chief executive**

As at the Latest Practicable Date, the interests and short positions of the Directors, chief executive and their associates in any Shares, underlying Shares of equity derivatives or debentures of the Company or any of its associated corporations as defined in Part XV of SFO, (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), were as follows:

*Long positions in the Shares of the Company*

Name of Director	Number of ordinary shares of HK\$0.01 each				Total interest	Approximate percentage of shareholding
	Personal interests	Family interests	Corporate interests	Other interests		
Ms. Chong Sok Un ("Ms. Chong")	618,750	—	129,625,707 (Note i)	—	130,244,457	17.99%

*Note:*

- (i) Ms. Chong was beneficially interested in 618,750 ordinary shares of the Company. For the corporate interests, Vigor Online Offshore Limited ("**Vigor**"), a wholly-owned subsidiary of China Spirit Limited ("**China Spirit**"), owned 129,625,707 ordinary shares of the Company. Ms. Chong maintained 100% beneficial interests in China Spirit. Accordingly, Ms. Chong was deemed to be interested in 129,625,707 ordinary shares of the Company in which Vigor was interested.

Save as disclosed above, as at Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

**Substantial Shareholders**

As at the Latest Practicable Date, so far as known to the Directors or chief executive of the Company, the following person (other than the Directors or chief executive of the Company as disclosed above) had, or was deemed to have, interests or short positions in the Shares or underlying Shares or debentures of the Company (i) which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

*Long positions in the Shares of the Company*

Name of Shareholders	Capacity		Number of ordinary shares held	Approximate percentage of shareholding
Tsinghua Tongfang Co., Ltd. (“ <b>THTF</b> ”)	Held by controlled corporation	(Note 1)	200,000,000	27.62%
Resuccess Investments Limited (“ <b>Resuccess</b> ”)	Held by controlled corporation	(Note 1)	200,000,000	27.62%
Cool Clouds Limited (“ <b>Cool Clouds</b> ”)	Beneficial owner	(Note 1)	200,000,000	27.62%
Ms. Chong Sok Un (“ <b>Ms. Chong</b> ”)	Beneficial owner	(Note 2)	618,750	0.09%
	Held by controlled corporation	(Note 2)	129,625,707	17.90%
China Spirit Limited (“ <b>China Spirit</b> ”)	Held by controlled corporation	(Note 2)	129,625,707	17.90%
Vigor Online Offshore Limited (“ <b>Vigor</b> ”)	Beneficial owner	(Note 2)	129,625,707	17.90%
China Minsheng Investment Group Corp., Ltd. 中國民生投資股份有限公司 (“ <b>CMI</b> ”)	Held by controlled corporation	(Note 3)	100,000,000	13.81%
CMIG Asia Asset Management Co., Ltd. 中民投亞洲資產管理有限公司 (“ <b>CMIG</b> ”)	Held by controlled corporation	(Note 3)	100,000,000	13.81%
CMI Financial Holding Corporation (“ <b>CMIF</b> ”)	Held by controlled corporation	(Note 3)	100,000,000	13.81%
CMIG International Capital Limited 中民投國際資本有限公司 (“ <b>中民投國際資本</b> ”)	Held by controlled corporation	(Note 3)	100,000,000	13.81%
CM International Capital Limited (“ <b>CMIC</b> ”)	Held by controlled corporation	(Note 3)	100,000,000	13.81%
Victor Beauty Investments Limited (“ <b>Victor Beauty</b> ”)	Beneficial owner	(Note 3)	100,000,000	13.81%
Ms. Ding Moyan (“ <b>Ms. Ding</b> ”)	Held by controlled corporation	(Note 4)	57,486,960	7.94%
Excellent Top Holdings Limited (“ <b>Excellent Top</b> ”)	Held by controlled corporation	(Note 4)	57,486,960	7.94%
Greatime Management Corp. (“ <b>Greatime</b> ”)	Beneficial owner	(Note 4)	57,486,960	7.94%
Mr. Lee Seng Hui	Held by controlled corporation	(Note 5)	157,123,441	21.70%
Ms. Lee Su Hwei	Held by controlled corporation	(Note 5)	157,123,441	21.70%
Mr. Lee Seng Huang	Held by controlled corporation	(Note 5)	157,123,441	21.70%
Allied Group Limited (“ <b>Allied Group</b> ”)	Held by controlled corporation	(Note 5)	157,123,441	21.70%

Name of Shareholders	Capacity	Number of ordinary shares held	Approximate percentage of shareholding
Sun Hung Kai & Co. Limited (“SHK”)	Held by controlled corporation (Note 5)	64,246,960	8.87%
Shipshape Investments Limited (“Shipshape”)	Held by controlled corporation (Note 5)	64,246,960	8.87%
Itso Limited (“Itso”)	Holder of security interest (Note 5)	57,486,960	7.94%
Tian An China Investments Company Limited (“Tian An”)	Held by controlled corporation (Note 5)	92,876,481	12.82%

## Notes:

The percentage of shareholding is calculated on the basis of the Company’s issued share capital of 724,003,638 shares as at the Latest Practicable Date.

- Cool Clouds, a wholly-owned subsidiary of Resuccess, owned 200,000,000 ordinary shares of the Company. THTF was the sole shareholder of Resuccess as at 31 December 2022. Accordingly, Resuccess and THTF were deemed to have interests in 200,000,000 ordinary shares of the Company in which Cool Clouds was interested.
- Ms. Chong was beneficially interested in 618,750 ordinary shares of the Company. For the corporate interests, Vigor, a wholly-owned subsidiary of China Spirit, owned 129,625,707 ordinary shares of the Company. Ms. Chong maintained 100% beneficial interests in China Spirit. Accordingly, Ms. Chong was deemed to be interested in 129,625,707 ordinary shares of the Company in which Vigor was interested.
- Victor Beauty, a wholly-owned subsidiary of CMIC, owned 100,000,000 ordinary shares of the Company. As at 31 December 2022 CMIC was a wholly-owned subsidiary of 中民投國際資本 which in turn was a wholly-owned subsidiary of CMI held directly as to 22.6% interests and indirectly as to 77.4% interests through CMIF and CMIG. CMIF was a wholly-owned subsidiary of CMIG, which in turn was a wholly-owned subsidiary of CMI. Accordingly, CMIC, 中民投國際資本, CMIF, CMIG and CMI were deemed to have interests in 100,000,000 ordinary shares of the Company.
- Greatime, a wholly-owned subsidiary of Excellent Top, owned 57,486,960 ordinary shares of the Company. Ms. Ding maintained 100% beneficial interests in Excellent Top. Accordingly, Ms. Ding was deemed to have an interest in 57,486,960 ordinary shares of the Company.
- Fareast Global Limited, a wholly-owned subsidiary of Tian An, owned 92,876,481 ordinary shares of the Company and Tian An was owned as to approximately 55.72% by China Elite Holdings Limited which was in turn wholly-owned by Allied Group via its subsidiaries.

Itso, a wholly-owned subsidiary of Shipshape, held 57,486,960 ordinary shares of the Company as holder of securities and Sun Hung Kai Structured Finance Limited, a wholly-owned subsidiary of Shipshape, held 6,760,000 ordinary shares of the Company as holder of securities. Shipshape was a wholly-owned subsidiary of SHK. SHK was owned as to approximately 73.32% by Allied Group via its subsidiaries.

Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controlled approximately 74.99% of the total number of issued shares of Allied Group (inclusive of Mr. Lee Seng Hui's personal interests) and was therefore deemed to have an interest in the shares in which Allied Group was interested.

Save as disclosed above, as at the Latest Practicable Date, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register required to be kept by the Company under section 336 of the SFO.

### **DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS AND ASSETS OF THE GROUP**

As at the Latest Practicable Date, none of the Directors and their respective associates had any direct or indirect interest in the assets which had been, since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors and their respective associates were materially interested in any contract or arrangement which was subsisting at the date of this prospectus and which was significant in relation to the business of the Group.

### **SERVICE CONTRACTS**

As at the Latest Practicable Date, there is no service contract or proposed service contract between the Directors and any member of the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation. None of the Directors had any existing or proposed service contracts with any member of the Group expiring within one year without payment of compensation (other than statutory compensation).

### **MATERIAL CONTRACTS**

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this prospectus and are or may be material:

- 1) the construction agreement dated 8 July 2022 entered into between an indirect wholly-owned subsidiary of the Company and Zhejiang Shunjie Construction Group Co., Ltd. (浙江舜傑建築集團股份有限公司) in respect of the construction of phase II of KMH at the consideration of RMB225,916,266; and

- 2) the Underwriting Agreement.

## LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims of material importance to the Group and there was no litigation, arbitration or claims of material importance to the Group known to the Directors to be pending or threatened against any member of the Group.

## EXPERT'S CONSENT AND QUALIFICATION

The following is the qualification of the expert who has given opinion or advice which is contained in this prospectus:

<b>Name</b>	<b>Qualification</b>
RSM Hong Kong	Certified Public Accountants

RSM Hong Kong has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its letter or advice, and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, RSM Hong Kong had no shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, RSM Hong Kong had neither direct nor indirect interest in any assets which had been, since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.



**CORPORATE INFORMATION OF THE COMPANY AND PARTIES INVOLVED IN THE RIGHTS ISSUE**

Registered office:	Victoria Place 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda
Head office and principal place of business in Hong Kong:	47th Floor United Asia Finance Centre 333 Lockhart Road Wanchai, Hong Kong
Legal advisers to the Company as to Hong Kong law:	P.C. Woo & Co. Room 1225 12/F Prince's Building No. 10 Chater Road Central, Hong Kong
Principal share registrar and transfer office:	MUFG Fund Services (Bermuda) Limited 4th Floor North Cedar House 41 Cedar Avenue Hamilton HM 12 Bermuda
Hong Kong branch share registrar and transfer office:	Tricor Tengis Limited 17/F Far East Finance Centre 16 Harcourt Road Hong Kong

Financial adviser to Company:	Yu Ming Investment Management Limited Room 1801 18th Floor Allied Kajima Building 138 Gloucester Road Wanchai Hong Kong
Auditor:	RSM Hong Kong 29th Floor, Lee Garden Two 28 Yun Ping Road Causeway Bay Hong Kong
Principal bankers:	Agricultural Bank of China Limited No. 69, Jianguomen Nei Avenue Dongcheng District Beijing, China  Bank of China Limited Bank of China Tower 1 Garden Road Central, Hong Kong  China Merchants Bank Corporation 28th Floor, Three Exchange Square 8 Connaught Place Central, Hong Kong  Industrial and Commercial Bank of China Limited No. 55 FuXingMenNei Street Xicheng District Beijing, China  Industrial and Commercial Bank of China (Asia) Limited 33/F., ICBC Tower 3 Garden Road Central, Hong Kong

Shanghai Pudong Development Bank Co., Ltd.  
No. 12, Zhongshan Dong Yi Road,  
Shanghai, China

Shanghai Rural Commercial Bank Co., Ltd.  
Shanghai Nongshang Bank Building  
70 Zhongshan East Second Road  
Shanghai, 200002 China

The Hongkong and Shanghai Banking  
Corporation Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

Authorised representatives:

Mr. Kong Muk Yin  
47th Floor  
United Asia Finance Centre  
333 Lockhart Road  
Wanchai, Hong Kong

Ms. Leung Yuk Yi  
47th Floor  
United Asia Finance Centre  
333 Lockhart Road  
Wanchai, Hong Kong

Company Secretary:

Ms. Leung Yuk Yi  
(a fellow of The Hong Kong Chartered Governance  
Institute and The Chartered Governance Institute in the  
United Kingdom)

Underwriter:

Get Nice Securities Limited  
G/F-3/F  
Cosco Tower  
Grandmillennium Plaza  
183 Queen's Road Central  
Hong Kong

**EXPENSES**

The expenses in connection with the Rights Issue, including the underwriting commission, printing, registration, translation, legal, accounting and other professional fees, are estimated to be approximately HK\$9.5 million, which are payable by the Company.

**COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in a business which competes or may compete either directly or indirectly with the business of the Group.

**MISCELLANEOUS**

The English text of this prospectus shall prevail over the Chinese text in case of inconsistency.

As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “Expert’s Consent and Qualification” in this appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

**DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([www.cmhg.com.hk](http://www.cmhg.com.hk)) for a period of 14 days from the date of this prospectus:

1. the report from RSM Hong Kong on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this prospectus;
2. the material contracts referred to in the section headed “Material Contracts” in this appendix;

3. the written consent referred to in the section headed “Expert’s Consent and Qualification” in this appendix; and
4. the Prospectus Documents.

**BINDING EFFECT**

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.