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Hygeia Healthcare Holdings Co., Limited

海吉亚医疗控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6078)

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to (i) the Prospectus dated June 16, 2020 in relation to the listing of the Shares on the Stock Exchange by way of Global Offering; and (ii) the Announcement of the Company dated May 26, 2021 in relation to, among other things, change in use of proceeds from the Global Offering. The Shares were listed on the Main Board of the Stock Exchange on June 29, 2020 and the net proceeds from the Global Offering, after deduction of the underwriting fees and commissions and other expenses payable by the Company in connection with the Global Offering, was approximately HK\$2,391.9 million.

The Board has reviewed the utilization of the Net Proceeds and resolved to re-allocate the proposed use of the Net Proceeds with effect from the date of this announcement.

The table below sets out the details of the intended use of the Net Proceeds, the original allocation of the Net Proceeds as set out in the Prospectus, the revised application of Net Proceeds as set out in the Announcement, the utilized amount of the Net Proceeds as of the date of this announcement, the unutilized amount of the Net Proceeds as of the date of this announcement, the balance of the unutilized Net Proceeds after re-allocation, and the expected timeline for utilization of the unutilized Net Proceeds:

Intended Use of Net Proceeds	Original allocation of Net Proceeds as set out in the Prospectus <i>HK\$ million approximately</i>	Revised application of Net Proceeds as set out in the Announcement <i>HK\$ million approximately</i>	Utilized amount of Net Proceeds as of the date of this announcement <i>HK\$ million approximately</i>	Unutilized amount of Net Proceeds as of the date of this announcement <i>HK\$ million approximately</i>	Balance of unutilized Net Proceeds after re-allocation <i>HK\$ million approximately</i>	Expected timeline for utilization ⁽²⁾
Upgrading Shanxian Hygeia Hospital, Chongqing Hygeia Hospital and Chengwu Hygeia Hospital, all of which are the Group's self-owned for-profit hospitals, and establishing new hospitals in Liaocheng, Dezhou, Suzhou and Longyan	1,435.1	985.1	985.1	—	—	—

Intended Use of Net Proceeds	Original allocation of Net Proceeds as set out in the Prospectus <i>HK\$ million approximately</i>	Revised application of Net Proceeds as set out in the Announcement <i>HK\$ million approximately</i>	Utilized amount of Net Proceeds as of the date of this announcement <i>HK\$ million approximately</i>	Unutilized amount of Net Proceeds as of the date of this announcement <i>HK\$ million approximately</i>	Balance of unutilized amount of Net Proceeds after re-allocation <i>HK\$ million approximately</i>	Expected timeline for utilization⁽²⁾
Acquiring hospitals, when appropriate opportunities arise, in new markets which has sizable population and relatively high level of demand for oncology healthcare services	717.6	1,167.6	1,167.6	—	—	—
Upgrading information technology systems	119.6	119.6	36.9	82.7	—	—
Working capital and other general corporate purposes	119.6	119.6	119.6	—	82.7 ⁽¹⁾	By the end of June 2024
Total	2,391.9	2,391.9	2,309.2	82.7	82.7	

Notes:

- (1) Approximately HK\$36.9 million of the Net Proceeds which were originally allocated for upgrading information technology systems has been utilized to fund (i) the engagement of independent third parties to develop and implement the hospital information system for the Group's in-network hospitals; and (ii) the establishment of an integrated platform consolidating the hospital information system network of the Group's in-network hospital. Approximately HK\$82.7 million of the unutilized Net Proceeds for upgrading information technology systems will be re-allocated for working capital and other general corporate purposes.
- (2) The expected timeline for the usage of the remaining proceeds was prepared based on the best estimate of the Group's future market conditions, which is subject to the current and future development of the market conditions.

REASONS AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The Board is of the view that due to the Group's expanded scale of business, it has increased its bargaining power to procure and develop information technology systems at a relatively lower cost and enjoy the benefits of economies of scale, and the information technology systems implemented by the Group since the Listing are sufficient to support its business operations. In addition, the re-allocation of the Net Proceeds as set out above would increase cash allocation for working capital and other general corporate purposes, which would be more in line with the current business strategy of the Group, and such re-allocation will allow the Company to better utilize its financial resources in a more flexible, beneficial and efficient manner.

The Board considers that the aforementioned change of the use of Net Proceeds is fair and reasonable and will not have any material adverse effect on the existing business and operation of the Group, and is in the best interests of the Company and its shareholders as a whole.

DEFINITIONS

“Announcement”	the announcement of the Company dated May 26, 2021 in relation to, among other things, change in use of proceeds from the Global Offering
“Board”	the board of Directors of the Company
“Chengwu Hygeia Hospital”	Chengwu Hygeia Hospital Co., Ltd.* (成武海吉亞醫院有限公司) (formerly known as Chengwuxian Tonghui Hospital Co., Ltd.* (成武縣同慧醫院有限公司)), a limited liability company established in the PRC on November 25, 2016 and a subsidiary of the Company
“Chongqing Hygeia Hospital”	Chongqing Hygeia Hospital Co., Ltd.* (重慶海吉亞醫院有限公司) (formerly known as Chongqing Hygeia Cancer Hospital Co., Ltd.* (重慶海吉亞腫瘤醫院有限公司) and Chongqing Hygeia Hospital Management Co., Ltd.* (重慶海吉亞醫院管理有限公司)), a limited liability company established in the PRC on November 9, 2015 and a subsidiary of the Company
“Company”	Hygeia Healthcare Holdings Co., Limited (海吉亞醫療控股有限公司), an exempted company with limited liability incorporated under the laws of Cayman Islands on September 12, 2018, the Shares of which are listed on the Main Board of the Stock Exchange
“Directors”	director(s) of the Company
“Global Offering”	the Hong Kong Public Offering and the International Offering (both as defined in the Prospectus)
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on June 29, 2020
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market (GEM) of the Stock Exchange
“Net Proceeds”	net proceeds from the Global Offering, amounting to approximately HK\$2,391.9 million
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus of the Company published on June 16, 2020
“Shanxian Hygeia Hospital”	Shanxian Hygeia Hospital Co., Ltd.* (單縣海吉亞醫院有限公司) (formerly known as Shanxian Hygeia Hospital Investment Co., Ltd.* (單縣海吉亞醫院投資有限公司)), a limited liability company established in the PRC on November 20, 2012 and a subsidiary of the Company
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.00001 each
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

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

Hong Kong, September 27, 2023

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

* For identification purpose only