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China HealthCare Holdings Limited
中國衛生控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 673)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 13 April 2015 (after trading hours), the Company and the Subscribers, being independent third parties, entered into the Subscription Agreements, pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, the Subscription Shares at a subscription price of HK\$0.28 per Subscription Share.

The subscription price of HK\$0.28 per Subscription Share represents (i) a discount of approximately 18.8% to the closing price of HK\$0.345 per Share as quoted on the Stock Exchange on 13 April 2015, being the date of the Subscription Agreements; (ii) a discount of approximately 7.6% to the average closing price of HK\$0.303 per Share for the last five trading days immediately prior to 13 April 2015; and (iii) a discount of approximately 5.9% to the average closing price of HK\$0.2975 per Share for the last ten trading days immediately prior to 13 April 2015.

The Subscription Shares represent (i) approximately 20.00% of the existing issued share capital of the Company; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. The Subscription Shares will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 23 September 2014.

Completion of the Subscription is conditional upon the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Subscription Shares.

* for identification purposes only

The gross proceeds from the Subscription shall be amounted to approximately HK\$38,264,000 and the net proceeds from the Subscription, after deducting all related expenses of approximately HK\$150,000, are estimated to be approximately HK\$38,114,000, which shall be used for general working capital of the Group (including settlement of interest expenses and reduction of outstanding liabilities).

INTRODUCTION

On 13 April 2015 (after trading hours), the Company and the Subscribers entered into the Subscription Agreements, pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, the Subscription Shares at a subscription price of HK\$0.28 per Subscription Share. The principal terms of the Subscription Agreements are summarized as follows:

THE SUBSCRIPTION AGREEMENTS

Date

13 April 2015

Parties to the Subscription Agreements

Issuer: the Company

Subscribers: Capital Foresight Limited, an investment holding company, and Mr. Hong Bo

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscribers are independent of each other and the Subscribers and the ultimate beneficial owner(s) of Capital Foresight Limited are third parties independent of the Company and connected persons of the Company. As at the date hereof, Mr. Hong Bo holds 1,713,000 Shares. Save as disclosed above, none of the Subscribers has any interest in the Shares.

Subscription price of the Subscription Shares

The subscription price of HK\$0.28 per Subscription Share represents (i) a discount of approximately 18.8% to the closing price of HK\$0.345 per Share as quoted on the Stock Exchange on 13 April 2015, being the date of the Subscription Agreements; (ii) a discount of approximately 7.6% to the average closing price of HK\$0.303 per Share for the last five trading days immediately prior to 13 April 2015; and (iii) a discount of approximately 5.9% to the average closing price of HK\$0.2975 per Share for the last ten trading days immediately prior to 13 April 2015.

The subscription price of the Subscription Shares was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market price of the Shares. The aggregate subscription price of HK\$38,264,223 shall be payable by the Subscribers to the Company in cash upon completion of the Subscription.

Subscription Shares

46,296,000 Subscription Shares and 90,361,939 Subscription Shares will be issued to Capital Foresight Limited and Mr. Hong Bo respectively under the Subscription. The Subscription Shares represent (i) approximately 20.00% of the existing issued share capital of the Company; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The Subscription Shares will rank pari passu in all respects among themselves and with all Shares in issue on the issue date of the Subscription Shares. The Subscription Shares will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 23 September 2014, under which the maximum number of Shares which may be allotted and issued is 136,657,939 Shares. As at the date of this announcement, the Company has not allotted or issued any Share under the aforementioned general mandate. Application will be made by the Company for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

Condition precedent

Completion of the Subscription is conditional upon the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Subscription Shares and shall take place within three business days after the day on which the condition precedent of the Subscription having been satisfied or such other date as the parties to the Subscription Agreements may agree. If the abovementioned condition is not satisfied on or before 30 April 2015, or such later date as agreed by the Company and the Subscribers in writing, the Subscription Agreements shall lapse and be terminated. All rights, obligations and liabilities of the parties under the Subscription Agreements shall cease and terminate and none of the parties to the Subscription Agreements shall have any claim against any other in respect of the Subscription save for any antecedent breach of the Subscription Agreements.

Others

Save for the identities of the Subscribers and the number of Shares to be subscribed for under the Subscription Agreements, all other terms of the two Subscription Agreements are identical. The two Subscription Agreements are independent and not inter-conditional to each other.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the provision of healthcare services and B-to-C consumer services.

As disclosed in the Company's interim report for the six months ended 30 September 2014, the Group was facing a solvency problem and has proactively introduced investors to raise fund to resolve the outstanding debts and meet the needs of business development. Subsequent to the completion of the subscription of Shares and convertible notes in 2014 and early 2015, the Company has settled the outstanding principal of the redeemable convertible preference shares. On 30 September 2014, the Company entered into a framework agreement in relation to a possible acquisition of healthcare business in the PRC. The Directors consider that the Subscription will broaden the capital base of the Company and further strengthen the financial position of the Group so as to facilitate its future development.

The Directors consider that the terms of the Subscription Agreements, which were arrived at after arm's length negotiations between the Company and the Subscribers, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription shall be amounted to approximately HK\$38,264,000 and the net proceeds from the Subscription, after deducting all related expenses of approximately HK\$150,000, are estimated to be approximately HK\$38,114,000, which shall be used for general working capital of the Group (including settlement of interest expenses and reduction of outstanding liabilities). The net subscription price per Subscription Share is estimated to be approximately HK\$0.279.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any fund raising activity for the twelve months immediately preceding the date of this announcement.

Date of announcement	Description	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
23 May 2014	Issue of Shares	HK\$10,400,000	General working capital of the Group	Same as the intended use
3 June 2014	Issue of convertible notes	HK\$194,500,000	General working capital and/or settlement of outstanding liabilities of the Group	Same as the intended use

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding in the Company as at the date of this announcement and, for illustrative purposes only, upon completion of the Subscription, assuming there being no other changes in the issued share capital and the shareholding structure of the Company after the date of this announcement.

	As at the date of this announcement		Upon completion of the Subscription	
	Number of Shares	%	Number of Shares	%
Firstsail Investments Limited <i>(Note 1)</i>	100,000,000	14.63	100,000,000	12.20
ZhongXing Limited <i>(Note 2)</i>	69,422,474	10.16	69,422,474	8.47
Dragonrisecapital Advisors Inc. <i>(Note 3)</i>	48,155,474	7.05	48,155,474	5.87
Dr. Li Zhong Yuan <i>(Note 4)</i>	24,443,000	3.58	24,443,000	2.98
Mr. Zhou Bao Yi	1,002,000	0.15	1,002,000	0.12
Mr. Mu Xiangming	261,000	0.04	261,000	0.03
Mr. Jiang Bo	261,000	0.04	261,000	0.03
Capital Foresight Limited	–	–	46,296,000	5.65
Mr. Hong Bo	1,713,000	0.25	92,074,939	11.23
Other public Shareholders	438,031,747	64.10	438,031,747	53.42
	<u>683,289,695</u>	<u>100.00</u>	<u>819,947,634</u>	<u>100.00</u>

Notes:

- As at the date of this announcement, Firstsail Investments Limited is beneficially owned as to 50% by Ms. Chan Lee On and 50% by Mr. Shen Yuluo.
- As at the date of this announcement, ZhongXing Limited is wholly-owned by Mr. Ho Kin.
- As at the date of this announcement, Dragonrisecapital Advisors Inc. is beneficially wholly-owned by Mr. Yeung Ning.
- These Shares are held by Timenew Limited, which is wholly-owned by Dr. Li Zhong Yuan, as at the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of Directors
“Company”	China HealthCare Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Capital Foresight Limited and Mr. Hong Bo
“Subscription”	the subscription of the Subscription Shares by the Subscribers in accordance with the terms and conditions of the Subscription Agreements
“Subscription Agreements”	two subscription agreements dated 13 April 2015 entered into between the Company and each of the Subscribers respectively in relation to the Subscription

“Subscription Share(s)” an aggregate of 136,657,939 new Shares to be issued by the Company to the Subscribers upon completion of the Subscription Agreements

“%” per cent

By order of the Board
China HealthCare Holdings Limited
Zhou Bao Yi
Executive Director

Hong Kong, 13 April 2015

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Jia Hong Sheng (Chairman), Dr. Li Zhong Yuan, Mr. Zhou Bao Yi, Mr. Chung Ho and Mr. Wang Jingming; and four independent non-executive Directors, namely, Mr. Mu Xiangming, Mr. Jiang Bo, Dr. Yan Shi Yun and Mr. Zhao Hua.