

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its 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 this announcement.*



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

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 673)

**MAJOR TRANSACTION**

On 20 September 2015, the Company, TCPA and Yi Rui Kang entered into the Agreement, pursuant to which the parties to the Agreement have agreed to grant an operating right to the Company for the management and operation of Sheng You Hospital for a period of 20 years, commencing from the date of operation of Sheng You Hospital. Meanwhile, the Company has agreed to provide the Loan in an aggregate principal amount of RMB100,000,000 (equivalent to HK\$125,000,000) to Sheng You Hospital for the purpose of its reconstruction and operation.

As the relevant applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the transactions under the Agreement exceed 25% but less than 100%, the transactions under the Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. Furthermore, as the amount of the Loan exceeds 8% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the provision of the Loan is subject to the general disclosure obligations under Rule 13.15 of the Listing Rule. A SGM will be held for the Shareholders to consider, and if though fit, approve, by way of poll, the Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders had any material interest in the Agreement, and thus no Shareholders are required to abstain from voting for the approval of the Agreement and the transactions contemplated thereunder at the SGM.

A circular containing, among other things, further details of the transactions under the Agreement and other disclosures required pursuant to the Listing Rules, together with a notice of the SGM will be despatched to the Shareholders on or before 30 November 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

\* *for identification purpose only*

## **BACKGROUND**

The Company entered into a cooperative agreement with TCPA and YCSSC on 18 August 2014 in respect of the cooperation for establishment and operation of hospitals in Tianjin, the PRC. According to the cooperative agreement, YCSSC shall contribute the 20-year use right of the premises in Dongli District of Tianjin for the establishment and operation of a grade-three general hospital while the Company will be responsible for, among others, raising funds for the construction and operation of the hospital.

On 20 September 2015, the Company, TCPA and Yi Rui Kang entered into the Agreement, pursuant to which the parties to the Agreement have agreed to grant an operating right to the Company for the management and operation of Sheng You Hospital for a period of 20 years, commencing from the date of operation of Sheng You Hospital. Meanwhile, the Company has agreed to provide the Loan to Sheng You Hospital. The principal terms of the Agreement, which were determined after arm's length negotiations among the parties to the Agreement, are summarized as follows:

### **THE AGREEMENT**

#### **Date**

20 September 2015

#### **Parties to the Agreement**

- (i) the Company, a subsidiary of which will hold 10% equity interest of Sheng You Hospital upon its establishment;
- (ii) 天津市天主教愛國會 (Tianjin Catholic Patriotic Association\*), a social organization registered under the laws of the PRC. TCPA will hold 10% equity interest of Sheng You Hospital upon its establishment; and
- (iii) 天津益瑞康科技發展有限公司 (Tianjin Yi Rui Kang Technology Development Co., Ltd.\*), a company established under the laws of the PRC. Its principal activities are development and provision of information technology services, sales of electronic products, computer hardware and software, machineries, office equipments and communication equipments and provision of conference and ceremony services. Yi Rui Kang will hold 80% equity interest of Sheng You Hospital upon its establishment.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, TCPA, Yi Rui Kang and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

## **Operating right**

Pursuant to the Agreement, the parties to the Agreement have agreed to grant an operating right to the Company for the management and operation of Sheng You Hospital for a term of 20 years, commencing from the date of operation of the Sheng You Hospital.

The Company shall be responsible for the management and operation of Sheng You Hospital, including, among others, managing the daily operations and personnel of Sheng You Hospital and providing technical support. In return, the Company shall receive an annual management fee from Sheng You Hospital calculated based on 3% of the annual revenue of Sheng You Hospital, being the audited total revenue for a financial year, excluding any specific funds provided by the government which are not related to business compensation and social donations.

## **Provision of Loan**

Pursuant to the Agreement, the Company has agreed to provide the Loan in an aggregate principal amount of RMB100,000,000 (equivalent to HK\$125,000,000) to Sheng You Hospital for a term of 3 years (with possible extension of 1 year), which bears a fixed interest rate of 6% per annum. The Loan shall be provided by the Company to Sheng You Hospital within three business days from the date of completion of the Agreement.

The principal amount of the Loan shall be repaid on the maturity date while the interest of the Loan is payable annually. Sheng You Hospital has the right to repay the principal amount of the Loan any time before the maturity date of the Loan without any penalty.

The terms of the Loan were determined after arm's length negotiations between the parties to the Agreement by reference to the prevailing terms of commercial loans and the borrowing cost of the Group. The Group will finance the Loan with the proceeds from the Subscriptions. According to the Agreement, the Loan shall be used for the reconstruction and operation of Sheng You Hospital.

Pursuant to the Agreement, the Loan shall be secured by the 80% equity interest of Sheng You Hospital to be held by Yi Rui Kang. Meanwhile, the Company has the preemptive right to acquire the 80% equity interest of Sheng You Hospital to be held by Yi Rui Kang during the loan period at a price with reference to the then fair value of Sheng You Hospital.

## **Conditions precedent**

Completion of the Agreement shall be conditional upon:

- (i) the completion of the Subscriptions and the receipt of the relevant funding;
- (ii) the passing of the relevant resolution(s) at the SGM by the Shareholders for approving the Agreement and the transactions contemplated thereunder;

- (iii) the establishment of Sheng You Hospital having been completed and the registered capital having been injected by all the shareholders;
- (iv) the reconstruction design plan of Sheng You Hospital having been approved by the relevant Tianjin government authority;
- (v) the construction permit of Sheng You Hospital having been obtained;
- (vi) the Company having been satisfied with the results of the due diligence on Sheng You Hospital;  
and
- (vii) all the relevant registrations of the guarantee of the 80% equity interest in Sheng You Hospital to be held by Yi Rui Kang having been completed.

Completion of the Agreement shall take place on the date on which all the conditions precedent of the Agreement having been satisfied. If the conditions shall not have been fulfilled by 31 December 2015 or such later date as the parties to the Agreement may agree in writing, the Agreement shall terminate and of no effect.

## **INFORMATION OF SHENG YOU HOSPITAL**

Sheng You Hospital is a hospital to be established under the laws of the PRC with planned registered capital of RMB140 million and shall be owned as to 10% by 北京中衛康虹醫院管理有限公司 (Beijing Zhong Wei Kang Hong Hospital Management Co., Ltd.\*), a wholly-owned subsidiary of the Company, 10% by TCPA and 80% by Yi Rui Kang. Company Name Preapproval Notice issued by Tianjin Market and Quality Supervision and Administration Commission regarding Sheng You Hospital has been obtained and the establishment of the corporate entity is in process. It is expected that the establishment will be completed by 30 October 2015.

Sheng You Hospital is a for-profit grade-three general hospital to be reconstructed in Dongli District, Tianjin, the PRC. It has obtained the approval from Tianjin Health and Family Planning Commission in June 2015 to establish as a for-profit hospital in accordance with grade-three general hospital standard. Sheng You Hospital is planned to have a total reconstruction area of approximately 84,000 square meters and 800 beds. The reconstruction design plan of Sheng You Hospital has been submitted to the relevant government authority for approval. The total investment costs of Sheng You Hospital is estimated to be approximately RMB420 million, of which approximately RMB220 million shall be used for the reconstruction, approximately RMB180 million shall be used for the purchases of medical machineries and equipments and the remaining balance of approximately RMB20 million shall be used for general working capital. It is expected that the reconstruction of Sheng You Hospital will be commenced in January 2016 and completed in the last quarter of 2016.

## **REASONS FOR THE ENTERING INTO OF THE AGREEMENT**

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

According to the cooperative agreement entered into by the Company, Tianjin Catholic Patriotic Association and YCSSC on 18 August 2014 regarding the cooperation for establishment and operation of hospitals in Tianjin, the PRC, the Company will be responsible for, among others, raising funds for the construction and operation of the hospital.

Meanwhile, the Group is actively exploring new businesses in relation to the healthcare industry in the PRC as the Board considers that the healthcare service business in the PRC has great and sustainable growth potential due to the growing trend of aging population. Having the operating right of Sheng You Hospital shall enable the Group to enhance its profile in the healthcare service industry. Given that Sheng You Hospital will be managed and operated by the Group with an annual management fee once it is in operation, the Directors consider that it is commercially justifiable to provide the Loan to Sheng You Hospital for its reconstruction. Having considered that (i) having the operating right of Sheng You Hospital shall increase the Group's profile of healthcare service business and generate management fee income to the Group; (ii) the provision of the Loan shall generate stable interest income to the Group; and (iii) the Loan is secured by the 80% equity interest of Sheng You Hospital to be held by Yi Rui Kang, the Directors are of the opinion that the terms of the Agreement are fair and reasonable and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

As the relevant applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the transactions under the Agreement exceed 25% but less than 100%, the transactions under the Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. Furthermore, as the amount of the Loan exceeds 8% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the provision of the Loan is subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

A SGM will be held for the Shareholders to consider, and if though fit, approve, by way of poll, the Agreement and the transactions contemplated thereunder. To the best of the Directors' information, knowledge and belief, having made all reasonable enquiries, none of the Shareholders had any material interest in the Agreement, and thus no Shareholders are required to abstain from voting for the approval of the Agreement and the transactions contemplated thereunder at the SGM.

A circular containing, among other things, further details of the transactions under the Agreement and other disclosures required pursuant to the Listing Rules, together with a notice of the SGM will be despatched to the Shareholders on or before 30 November 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

## DEFINITIONS

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

“Agreement”	the agreement dated 20 September 2015 entered into among the Company, TCPA and Yi Rui Kang in relation to the provision of the Loan and the grant of the operating right of Sheng You Hospital to the Company
“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
“Loan”	the loan in an aggregate principal amount of RMB100,000,000 to be provided by the Company to Sheng You Hospital pursuant to the Agreement
“PRC”	the People’s Republic of China which for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened for the purpose of considering, and if though fit, approving the Agreement and the transactions contemplated thereunder

“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)
“Sheng You Hospital”	天津聖佑醫院有限公司 (Tianjin Sheng You Hospital Co., Ltd.*), a for-profit grade-three general hospital to be established under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	the subscriptions for the convertible notes in aggregate principal amount of HK\$225 million to be issued by the Company to Zheng Hua Investment Limited and Pacas Worldwide Limited, all being independent third parties, pursuant to the subscription agreements dated 8 April 2014 (as supplemented and amended by the supplemental agreements dated 30 September 2014, 30 January 2015, 30 April 2015, 30 June 2015, 28 August 2015 and 18 September 2015) entered into between the Company and each of the subscribers, details of which were set out in the announcements of the Company dated 8 April 2014, 30 September 2014, 30 January 2015, 30 April 2015, 30 June 2015, 28 August 2015 and 18 September 2015
“TCPA”	天津市天主教愛國會 (Tianjin Catholic Patriotic Association*)
“YCSSC”	天津天主教愛國會益世社會服務中心 (YiShi Catholic Social Service Centre of Tianjin Diocese*)
“Yi Rui Kang”	天津益瑞康科技發展有限公司 (Tianjin Yi Rui Kang Technology Development Co., Ltd.*)
“%”	per cent

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

Hong Kong, 21 September 2015

*For the purposes of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the exchange rate of RMB1 to HK\$1.25. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate at all.*

*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.*