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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 383)**

### **PROPOSED SHARE CONSOLIDATION AND PROPOSED CHANGE IN BOARD LOT SIZE**

#### **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares of HK\$0.0005 each will be consolidated into one (1) Consolidated Share of HK\$0.01 each. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the SGM.

As at the date of this announcement, there are 14,480,072,773 Existing Shares in issue which are fully paid or credited as fully paid. Assuming no further Shares will be allotted, issued or repurchased from the date of this announcement up to the date of the SGM, upon the Share Consolidation becoming effective, there will be 724,003,638 Consolidated Shares in issue which are fully paid or credited as fully paid.

#### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 10,000 Existing Shares to 5,000 Consolidated Shares subject to and upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.052 per Existing Share (equivalent to HK\$1.04 per Consolidated Share) as quoted on the Stock Exchange as at the date of this announcement, the market value of each board lot of 5,000 Consolidated Shares, assuming the Share Consolidation and the Change in Board Lot Size had become effective, would be HK\$5,200.

## GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the SGM.

A circular containing, among other things, further information on the proposed Share Consolidation, the Change of Board Lot Size, and a notice to convene the SGM are expected to be despatched to the Shareholders on or before Wednesday, 1 February 2023.

**Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” below in this announcement. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.**

## PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares of HK\$0.0005 each will be consolidated into one (1) Consolidated Share of HK\$0.01 each.

### Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 divided into 600,000,000,000 Existing Shares of par value of HK\$0.0005 each, of which 14,480,072,773 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming that no further Shares will be allotted, issued or repurchased from the date of this announcement up to the date of the SGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$300,000,000 divided into 30,000,000,000 Consolidated Shares of par value of HK\$0.01 each, of which 724,003,638 Consolidated Shares will be in issue which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the relevant expenses, including but not limited to professional fees and printing charge to be incurred in relation to the Share Consolidation and the Change in Board Lot Size, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group and that on the date the Share Consolidation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Share Consolidation would be, unable to pay its liabilities as they become due. The Share Consolidation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

### **Conditions of the Share Consolidation**

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the SGM to approve the Share Consolidation;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iii) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Share Consolidation, if any.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Friday, 24 February 2023 being the second Business Day after the date of SGM.

### **Listing Application**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in

CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Adjustments in relation to other securities of the Company**

As at the date of this announcement, the Company has no outstanding Share Options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into Shares.

### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 10,000 Existing Shares to 5,000 Consolidated Shares subject to and upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.052 per Existing Share (equivalent to HK\$1.04 per Consolidated Share) as quoted on the Stock Exchange as at the date of this announcement, the market value of each board lot of 5,000 Consolidated Shares, assuming the Share Consolidation and the Change in Board Lot Size had become effective, would be HK\$5,200.

### **OTHER ARRANGEMENTS**

#### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares of the Company regardless of the number of share certificates held by such holder.

## **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots, if any, of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

## **Free exchange of share certificates for Consolidated Shares**

Subject to the Share Consolidation becoming effective, which is currently expected to be on Friday, 24 February 2023, being the second Business Day immediately after the date of the SGM, Shareholders may on or after Friday, 24 February 2023 and until Monday, 3 April 2023 (both days inclusive), submit their existing share certificates in purple colour for the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for exchange for new share certificates for the Consolidated Shares in peach colour on the basis of every twenty (20) Existing Shares for one (1) Consolidated Share without any fractional Consolidated Share, at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such other amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Company's branch share registrar and transfer office for each share certificate issued for the Consolidated Shares or each share certificate for the Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher.

After 4:10 p.m. on Thursday, 30 March 2023, trading will only be in Consolidated Shares which share certificates will be issued in peach colour. Existing share certificates in purple colour for the Existing Shares will cease to be valid for trading, settlement and registration purpose, but will remain valid and effective as documents of title.

## **REASONS FOR THE PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 states that (i) market price of the shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value per board lot should be greater than HK\$2,000.

In view of the prevailing trading prices of the Existing Shares, the Board proposes to implement the Share Consolidation. It is expected that the proposed Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. As a result, the proposed Share Consolidation would enable the Company to comply with the trading requirements under the Listing Rules. The Company also considers that the proposed Share Consolidation and the proposed Change in Board Lot Size will (i) reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot since most of the banks/securities houses will charge a minimum transaction costs for each securities trade; and (ii) maintain the trading amount for each board lot at a reasonable level and attract a broader range of institutional and professional investors and other members of the investing public and thus broaden the shareholder base of the Company. Based on the closing price of HK\$0.052 per Existing Share (equivalent to HK\$1.04 per Consolidated Share) as quoted on the Stock Exchange as at the date of this announcement, the expected market value of each board lot of 5,000 Consolidated Shares, assuming the Share Consolidation and the Change in Board Lot Size had become effective, would be HK\$5,200, which is greater than HK\$2,000 and therefore complies with the requirement as set out in the said “Guide on Trading Arrangements for Selected Types of Corporate Actions”.

Save for the relevant expenses, including but not limited to professional fees and printing charge to be incurred by the Company, the implementation of the Share Consolidation and Change in Board Lot Size will have no effect on the consolidated net asset value of the Group, nor alter the underlying assets, business operations, management or the financial position of the Company or the proportionate interests of the Shareholders. In view of the above, the Board considers that the Share Consolidation and Change in Board Lot Size are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## EXPECTED TIMETABLE

Set out below is the expected timetable for the Share Consolidation and Change in Board Lot Size. The expected timetable is subject to the results of the SGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

**2023**

Despatch date of circular with notice of the SGM. . . . . on or before  
Wednesday, 1 February

Latest date and time for lodging transfer documents  
in order to qualify for attending and voting at the SGM . . . . . 4:30 p.m. on  
Thursday, 16 February

Closure of the register of members for the entitlements to  
attend and vote at the SGM . . . . . Friday, 17 February to  
Wednesday, 22 February  
(both days inclusive)

Latest time for lodging forms of proxy for the SGM. . . . . 11:00 a.m. on  
Monday, 20 February

Date and time of the SGM. . . . . 11:00 a.m. on  
Wednesday, 22 February

Publication of the announcement of the results  
of the SGM. . . . . Wednesday, 22 February

**The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation as set out in this announcement.**

Effective date of the Share Consolidation . . . . . Friday, 24 February

Dealing in the Consolidated Shares commences . . . . . 9:00 a.m. on  
Friday, 24 February

First day of free exchange of existing share certificates  
for new share certificates for Consolidated Shares . . . . . Friday, 24 February



Original counter for trading in the Existing Shares in board lots of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes . . . . . 9:00 a.m. on Friday, 24 February

Temporary counter for trading in the Consolidated Shares in board lots of 500 Consolidated Shares (in the form of existing share certificates) opens . . . . . 9:00 a.m. on Friday, 24 February

Original counter for trading in the Consolidated Shares in new board lots of 5,000 Consolidated Shares (in the form of new share certificates for the Consolidation Shares) re-opens. . . . . 9:00 a.m. on Friday, 10 March

Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences . . . . . 9:00 a.m. on Friday, 10 March

Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares . . . . . 9:00 a.m. on Friday, 10 March

Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares . . . . . 4:00 p.m. on Thursday, 30 March

Temporary counter for trading in the Consolidated Shares in board lots of 500 Consolidated Shares (in the form of existing share certificates) closes . . . . . 4:10 p.m. on Thursday, 30 March

Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) ends . . . . . 4:10 p.m. on Thursday, 30 March

Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares . . . . . Monday, 3 April



## GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the SGM.

A circular containing, among other things, further information on the proposed Share Consolidation, the Change of Board Lot Size, and a notice to convene the SGM are expected to be despatched to the Shareholders on or before Wednesday, 1 February 2023.

**Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” above in this announcement. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.**

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 10,000 Existing Shares to 5,000 Consolidated Shares
“Company”	China Medical & HealthCare Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 383)

“Consolidated Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company
“Existing Share(s)”	issued and unissued ordinary share(s) of HK\$0.0005 each in the existing share capital of the Company before the Share Consolidation becoming effective
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SGM”	the special general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Share Consolidation
“Share(s)”	the Existing Share(s) or as the context may require, the Consolidated Share(s)
“Shareholder(s)”	holder(s) of the Existing Share(s), or the Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every twenty (20) Existing Shares in the share capital of the Company into one (1) Consolidated Share in the share capital of the Company
“Share Option(s)”	share option(s) granted under the Share Option Scheme entitling the holders thereof to subscribe for Share(s)

“Share Option Scheme” the share option scheme adopted by the Company on 7 March 2019

“Stock Exchange” The Stock Exchange of Hong Kong Limited

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

Hong Kong, 16 January 2023

*As at the date of this announcement, the Board comprises:*

*Executive Directors*

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

*Non-Executive Directors*

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

*Independent Non-Executive Directors*

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