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**Human Health Holdings Limited**

**盈健醫療集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1419)**

**DISCLOSEABLE TRANSACTION  
SUBSCRIPTION OF INTEREST IN A LIMITED PARTNERSHIP**

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The Board is pleased to announce that on 29 May 2019, Actwise, a wholly-owned subsidiary of the Company, and the General Partner entered into the Subscription Agreement, pursuant to which Actwise has applied to subscribe for Partnership Interests in the Limited Partnership with the capital commitment of RMB30,000,000, which represents approximately 8.80% of the Partnership Interests. Following the acceptance of the Subscription Agreement by the General Partner on the same day, Actwise is admitted as a Limited Partner to the Limited Partnership by entering into the Limited Partnership Agreement.

The investment objective of the Limited Partnership is to invest in New Journey Hospital Group, a holding company of an integrated hospital group in the PRC which primarily engages in the operation of hospitals, primary medical care, internet medical care services, cross border medical care services, elderly care services, supply chain centres and radiotherapy services.

**THE LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratio(s) calculated under Rule 14.07 of the Listing Rules in relation to the Subscription based on the capital commitment of Actwise of RMB30,000,000 exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

**INTRODUCTION**

The Board is pleased to announce that on 29 May 2019, Actwise, a wholly-owned subsidiary of the Company, and the General Partner entered into the Subscription Agreement, pursuant to which Actwise has applied to subscribe for Partnership Interests in the Limited Partnership with the capital

commitment of RMB30,000,000, which represents 8.80% of the Partnership Interests. Following the acceptance of the Subscription Agreement by the General Partner on the same day, Actwise is admitted as a Limited Partner to the Limited Partnership by entering into the Limited Partnership Agreement.

## **THE SUBSCRIPTION AGREEMENT, THE LIMITED PARTNERSHIP AGREEMENT AND THE SIDE LETTER**

The principal terms of the Subscription Agreement and the Limited Partnership Agreement (as supplemented by the Side Letter) are summarised below:

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| Date:  | 29 May 2019   |
| Name of the Limited Partnership:                           | New Journey Healthcare LP, a Cayman Islands exempted limited partnership acting by the General Partner.   |
| Parties to the Subscription Agreement and the Side Letter: | (1) the General Partner; and<br>(2) Actwise as a Limited Partner.   |
| Parties to the Limited Partnership Agreement:              | (1) General Partner;<br>(2) Initial Limited Partner;<br>(3) Actwise as a Limited Partner ;<br>(4) Mr. Chan Kin Ping as a Limited Partner;<br>(5) Dr. Sat Chui Wan as a Limited Partner; and<br>(6) BetterJoy Limited Partnership as a Limited Partner.  |
| General Partner:   | Inno Healthcare Limited. Further details of the General Partner is set out in the paragraph headed “Information on the Group, the General Partner and the Limited Partners”.  |
| Investment Objective of the Limited Partnership:           | The investment objective of the Limited Partnership is to invest by way of debt or equity investments (including without limitation convertible securities, warrants, options or any other participation, interest or commitment) in New Journey Hospital Group, a holding company of an integrated hospital group in the PRC which primarily engages in the operation of hospitals, primary medical care, internet medical care services, cross border medical care services, elderly care services, supply chain centres and radiotherapy services. |

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| Management of the Limited Partnership: | The business of the Limited Partnership shall be carried on and managed by the General Partner. The Limited Partners shall not take part in the management of the business of the Limited Partnership.  |
| Fund size and capital commitment:      | <p>The Limited Partnership seeks to raise an aggregate capital commitment of RMB341,000,000.</p> <p>Actwise as a Limited Partner has committed to contribute RMB30,000,000, which represents approximately 8.80% of the Partnership Interests.</p> <p>No additional partner shall be admitted as a Limited Partner to the Limited Partnership save for the transfer, removal or retirement by or of the General Partner and the transfer of Partnership Interests pursuant to the terms of the Limited Partnership Agreement.</p> |
| Closing:                               | Closing of the issue and sale of Partnership Interests will take place on 29 May 2019 or such other date as determined by the General Partner and notified to the other parties of the Limited Partnership Agreement.   |
| Payment of the Capital Contribution:   | Each Limited Partner shall make the complete amount of its capital commitment on or before 30 May 2019.   |
| Term of the Limited Partnership:       | The Term shall commence from 22 March 2019, until the fourth anniversary of the Closing Date, i.e. 29 May 2023, provided that the Term can be extended for one year with the consent of the General Partner for the purpose of extending the exit period.   |
| Liabilities of the Partners:           | The liability of each Limited Partner shall be limited to his/her Partnership Interest while the liability of General Partner shall be liable for all debts and obligations of the Limited Partnership.   |
| Management Fee:                        | Each Limited Partner shall pay an annual management fee to the General Partner, equal to 2% per annum of its capital contribution   |

from the Closing Date till the expiry of the Term. During the extension period of the Term, management fee for each Limited Partner shall be equal to 2% per annum of its capital contribution used to fund the cost of the portfolio investment of the Limited Partnership. The management fee shall be deducted from the capital contribution of each Limited Partner.

The management fee for the whole Term will be paid to the General Partner on 30 May 2019. The management fee for the extension period of the Term will be paid to the General Partner at the commencement of the extension period.

Distributions:

The General Partner may in its absolute discretion, determine to make distributions to the Partners. The available assets attributable to the portfolio investment of the Limited Partnership shall generally be distributed upon the earlier of (i) the expiration of the Term and (ii) the completion of the realisation for the portfolio investment made by the Limited Partnership, and in any case, as soon as reasonably practicable, after receipt by the Limited Partnership. The available assets attributable to the portfolio investment shall be apportioned among the Partners in proportion to their Sharing Percentages.

The amounts apportioned to the General Partner and the amount apportioned to each Limited Partner shall be distributed as follows:

- (i) first, 100% to each Partner until the cumulative amount distributed to such Partner equals 100% of the actual capital contribution of such Partner; and
- (ii) second, 80% to all Limited Partners in proportion to their Sharing Percentage and 20% to the General Partner.

Transfer of Interests in the Limited Partnership:

The Limited Partners may not assign, sell, charge, mortgage, pledge or otherwise transfer or dispose of in any manner whatsoever all or any part of his Partnership Interest without the prior written consent of the General Partner, except, inter alia, (a) to any entity holding majority interests of the Limited Partner and his/her Close Family Members (if any) or any entity of which

majority of beneficial ownership is held by such entity;  
(b) pursuant to a merger, plan of reorganisation, sale or pledge of,  
or other general encumbrance on the Limited Partner's assets; or  
(c) to a trust, profit sharing plan of such Limited Partner.

Other existing Partners shall have a right of pre-emption to acquire the Partnership Interest which is the subject of the transfer in proportion to their holding of Partnership Interest.

In the event that Actwise proposes to sell its Partnership Interest and has obtained the General Partner's consent, the General Partner agrees that it shall provide the remaining Partners with 14 calendar days to respond to Actwise's written notice to sell its Partnership Interest, failing response of which would entitle Actwise to transfer its Partnership Interests to a substitute Limited Partner.

Removal of General Partner: The General Partner may be removed as the general partner of the Limited Partnership at any time within 60 days after a determination by a court of competent jurisdiction that the General Partner has engaged in fraud or a felony having a material adverse effect on the Limited Partnership or its assets in respect of the Limited Partnership by the written election of 100% in interest of the Limited Partners. Prior to such removal, a replacement general partner of the Limited Partnership shall be designated and appointed by the written election of 100% in interest of the Limited Partners.

The capital commitment under the Subscription was determined after arm's length negotiations between the General Partner and the Group with reference to the anticipated capital requirements of the Limited Partnership, the possible investment returns for the Group and the reasons for the Subscription as more particularly set out in the section headed "Reasons for and Benefits of the Entering into of the Subscription" below.

The Company intends to finance the payment of such capital contribution from internal resources of the Group.

## **INFORMATION ON THE GROUP, THE GENERAL PARTNER AND THE LIMITED PARTNERS**

The Group is principally engaged in the provision of comprehensive, one-stop and quality healthcare services.

Based on information provided by the General Partner, the General Partner is an investment holding company incorporated in the British Virgin Islands with limited liability, and it is controlled by the Initial Limited Partner, who is a member of the existing management of New Journey Hospital Group with more than 13 years' of experience in investment management.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed above, the General Partner and its ultimate beneficial owners are Independent Third Parties.

Save for (i) Mr. Chan Kin Ping, being a Limited Partner with less than 3% Partnership Interest in the Limited Partnership who is an executive Director, chairman and the chief executive officer of the Company and (ii) Dr. Sat Chui Wan, being a Limited Partner with less than 1% Partnership Interest in the Limited Partnership who is an executive Director and chief financial officer of the Company, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Limited Partners and its ultimate beneficial owners are Independent Third Parties. Although Mr. Chan Kin Ping and Dr. Sat Chui Wan are not materially interested in the Subscription, they have voluntarily abstained from voting on the Board resolutions approving the Subscription Agreement, the Limited Partnership Agreement, the Side Letter and the transactions contemplated thereunder.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SUBSCRIPTION**

The Board has been exploring opportunities for potential investments with a view to enhancing investment returns for the Group. The Board is of the view that the Subscription in the Limited Partnership is a viable investment for the Group on the basis that:

- (i) as disclosed above, the investment objective of the Limited Partnership is to invest in New Journey Hospital Group, a holding company of an integrated hospital group in the PRC. New Journey Hospital Group has recorded a substantial growth in its revenue, net profit and net asset value over the financial year ended 31 December 2018 according to its audited consolidated financial statements. Based on its historical financial performance, the Company is optimistic about the business prospects of New Journey Hospital Group, as well as the general healthcare industry in the PRC, and is therefore confident in the financial performance of, and the investment

returns from, the Limited Partnership. While the Company has considered the option of direct investment in New Journey Hospital Group, the Group decided not to proceed with such option due to the regulatory restrictions in the PRC and other practical considerations. Accordingly, the Company resolved to invest in such company indirectly through investment in the Limited Partnership;

- (ii) the Limited Partnership is managed by the General Partner, which is controlled by the Initial Limited Partner who possesses rich knowledge in the healthcare industry and more than 13 years of experience in investment management;
- (iii) the terms of the Subscription (including the rate of management fee and the distribution mechanism) are generally in line with, or more favourable than, the terms of similar investments in the market based on the information available to the Company; and
- (iv) taking into account the value of the investment by Actwise in the Limited Partnership as appraised by an independent valuer as of 8 May 2019 adopting the market approach, the capital commitment of RMB30,000,000 from Actwise is comparable to the appraised value of the investment by Actwise in the Limited Partnership.

Moreover, the Group intends to diversify its PRC expansion strategy in addition to the direct establishment of self-owned medical centre in the PRC. The Group believes that through the investment in the Limited Partnership which in turn investing in New Journey Hospital Group, it can establish relationship with business partners in the PRC market and can better connect with the PRC hospitals and explore business opportunities so as to facilitate the development of the business of the Group in the PRC.

In light of the factors set out above, the Subscription presents a good opportunity for the Group to generate capital gains and diversify the Group's investment portfolio with the prospect of a higher return.

In light of the foregoing, the Board is of the view that the terms of the Subscription are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratio(s) calculated under Rule 14.07 of the Listing Rules in relation to the Subscription exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements, but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

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| “Actwise”              | Actwise Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company  |
| “Board”                | the board of Directors  |
| “Close Family Members” | a child, grandchild, parent, grandparent, spouse, sibling, mother-in-law of a spouse, father-in-law of a spouse, son-in-law of a spouse, daughter-in-law of a spouse, brother-in-law of a spouse, or sister-in-law of a spouse, including adoptive relationships, of a person   |
| “Closing Date”         | the closing of the issue and sale of the Partnership Interests, and the execution and delivery of the Limited Partnership Agreement by the parties thereto, being 29 May 2019 or such other date as determined by the General Partner and notified to the other parties thereto |
| “Company”              | Human Health Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange   |
| “connected person(s)”  | has the meaning as defined under the Listing Rules  |
| “Directors”            | the directors of the Company  |
| “General Partner”      | Inno Healthcare Limited, the general partner of the Limited Partnership   |
| “Group”                | the Company and its subsidiaries  |



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| “Hong Kong”                     | Hong Kong Special Administrative Region of the PRC   |
| “Independent Third Party(ies)”  | third party(ies) independent of and not connected with the Company and connected persons of the Company  |
| “Initial Limited Partner”       | Lin Yang Lin, the initial limited partner of the Limited Partnership   |
| “Limited Partner(s)”            | the limited partner(s) of the Limited Partnership, being the Actwise, Mr. Chan Kin Ping, Dr. Sat Chui Wan and BetterJoy Limited Partnership  |
| “Limited Partnership”           | New Journey Healthcare LP, a Cayman Islands exempted limited partnership   |
| “Limited Partnership Agreement” | the amended and restated limited partnership agreement dated 29 May 2019 and entered into among the General Partner, the Initial Limited Partner and the Limited Partners, in respect of the Limited Partnership |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “New Journey Hospital Group”    | New Journey Hospital Group Limited, a company incorporated in the Cayman Islands with limited liability  |
| “Partner(s)”                    | the partner(s) of the Limited Partnership, including the General Partner and the Limited Partners  |
| “Partnership Interests”         | an interest or interests representing the summation of the capital contribution as at the date of determination and the accumulated profits or losses of the Limited Partnership since the date of registration  |
| “PRC”                           | the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement  |

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| “RMB”                    | Renminbi, the lawful currency of the PRC  |
| “Sharing Percentage”     | with respect to any Partner, a fraction, expressed as a percentage, the numerator of which is the aggregate amount of the capital contribution of such Partner used to fund the cost of the portfolio investment and the denominator of which is the aggregate amount of the capital contribution of all the Partners used to fund the cost of the portfolio investment pursuant to the Limited Partnership Agreement |
| “Side Letter”            | the letter agreement dated 29 May 2019 and entered into between the General Partner and Actwise in relation to the Subscription   |
| “Stock Exchange”         | The Stock Exchange of Hong Kong Limited   |
| “Subscription”           | the subscription by Actwise for Partnership Interests in the Limited Partnership pursuant to the Subscription Agreement   |
| “Subscription Agreement” | the subscription agreement dated 29 May 2019 and entered into between Actwise and the General Partner for the subscription of Partnership Interests by Actwise in the Limited Partnership   |
| “Term”                   | term of the Limited Partnership   |

By Order of the Board  
**Human Health Holdings Limited**  
**Chan Kin Ping**  
*Chairman*

Hong Kong, 29 May 2019

*As at the date of this announcement, the Board comprises Mr. Chan Kin Ping (also as Chief Executive Officer), Dr. Pang Lai Sheung, Dr. Sat Chui Wan and Mr. Poon Chun Pong as executive Directors and Dr. Lui Sun Wing, Mr. Chan Yue Kwong Michael and Mr. Sin Kar Tim as independent non-executive Directors.*