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China Medical & HealthCare Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

DISCLOSEABLE TRANSACTION DISPOSAL OF A SUBSIDIARY

THE DISPOSAL

On 7 April 2017 (after trading hours), the Purchaser and Jiatai Construction, a wholly-owned subsidiary of the Company, entered into the Agreement, pursuant to which the Purchaser has agreed to purchase and Jiatai Construction has agreed to dispose of the Equity Interest of the Disposal Company at the consideration of RMB200,000,000.

Upon Completion, the Disposal Company will cease to be an indirect wholly-owned subsidiary of the Company.

THE LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE AGREEMENT

Date

7 April 2017 (after trading hours)

Parties

1. Jiatai Construction; and
2. the Purchaser.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be disposed of

The Equity Interest

Consideration

The Consideration is RMB200,000,000 payable by the Purchaser to Jiatai Construction by way of bank transfer to Jiatai Construction's designated bank account in the following manner:

- (i) RMB40,000,000 which has been paid as deposit prior to the date of the Agreement;
- (ii) RMB80,000,000 within 10 days from the date of the Agreement (the "**Second Payment**");
and
- (iii) RMB80,000,000 within 2 months from the date of the Agreement.

The Consideration was determined after arm's length negotiations by taking into consideration of, amongst other things, the factors as set out in the paragraph headed "Reasons for and Benefits of the Disposal" in this announcement.

Jiatai Construction has agreed to procure the discharge of the mortgage on PRC Land 1 over which a bank loan of the Group was secured within 10 business days after the receipt of the Second Payment.

Completion

Completion of the Disposal shall take place upon the registration of the transfer of the Equity Interest with the relevant industrial and commerce authority in the PRC within 10 business days of the receipt of the full amount of the Consideration by Jiatai Construction.

INFORMATION ABOUT THE PURCHASER

The Purchaser is a limited liability company established under the laws of the PRC. The principal business of the Purchaser is development and sales of residential properties.

INFORMATION ABOUT THE GROUP AND JIATAI CONSTRUCTION

The Group is principally engaged in investment in and management and operation of healthcare businesses, eldercare businesses, trading of medical equipment and related supplies, property investment and development, securities trading and investments, provision of financial services and strategic investment.

Jiatai Construction, through its subsidiaries, engages in investment and management and operation of healthcare businesses, trading of medical equipment and related supplies, and property development in the PRC.

INFORMATION ABOUT THE DISPOSAL COMPANY

The Disposal Company's principal business was urban infrastructure development and property development. The sole assets of the Disposal Company consist of the PRC Lands.

Financial Information of the Disposal Company

The following is the financial information of the Disposal Company as extracted from its audited financial statements for the two years ended 31 December 2014 and 31 December 2015 which were prepared in accordance with PRC accounting standards:

	For the year ended 31 December 2014 (audited) (RMB'000)	For the year ended 31 December 2015 (audited) (RMB'000)
Loss before taxation	692	507
Loss after taxation	692	507
Net assets	279,455	278,948

FINANCIAL EFFECT OF THE DISPOSAL

Based on the audited financial statement of the Disposal Company as at 31 December 2015, the Disposal is expected to record a loss of approximately RMB82,948,000 (subject to audit), which is calculated with reference to the Consideration and the audited net asset value of the Disposal Company as at 31 December 2015 and also taking into account the transaction costs of the Disposal.

Upon Completion, the Disposal Company will cease to be an indirect wholly-owned subsidiary of the Company and the results and assets and liabilities of the Disposal Company will no longer be consolidated into the consolidated financial statements of the Group.

Proceeds of the Disposal are intended to be applied for investment as opportunity arises, and/or for reduction of borrowings of the Group and/or for general working capital purposes of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

In view of the continued weakness in the property market in Lianyungang, PRC and the result of the review on the operating and assets conditions, and the development prospect of the Disposal Company by the management, the Group entered into an agreement for disposal of the Equity Interest for a cash consideration of RMB200,000,000. The Disposal represents a continuation of the Group's strategy to transform into primarily an integrated healthcare and eldercare investor and operator. The Group also considers that the Disposal as an opportunity for Jiatai Construction to bring in cash flow under the prevailing volatile and uncertain market environment in the PRC.

In consideration of the above, the Board considers that the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal therefore constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning when used herein:

“Agreement”	the agreement dated 7 April 2017 entered into between Jiatai Construction and the Purchaser in relation to the Disposal;
“Board”	the board of Directors;
“Company”	China Medical & HealthCare Group Limited (stock code: 383), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;

“Consideration”	the consideration for the Disposal in the sum of RMB200,000,000;
“Completion”	completion of the Disposal in accordance with the Agreement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Equity Interest by Jiatai Construction to the Purchaser pursuant to the Agreement;
“Disposal Company”	Lianyungang Chengtai Property Development Company Limited* (連雲港成泰置業有限公司), a limited liability company established under the laws of the PRC, a direct wholly-owned subsidiary of Jiatai Construction;
“Equity Interest”	the entire equity interest of the Disposal Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	party(ies) who, together with his/her ultimate beneficial owner(s), is/are persons independent of the Company and its connected persons;
“Jiatai Construction”	Lianyungang Jiatai Construction Co., Ltd.* (連雲港嘉泰建設工程有限公司), a limited liability company established under the laws of the PRC, a wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“PRC Lands”	PRC Land 1 and PRC Land 2;
“PRC Land 1”	a piece of land located at 連雲港開發區花果山大道與昌圩路南 with site area of 117,600 sqm which is owned by the Disposal Company with a term of land use rights of 70 years for residential use;

“PRC Land 2”	a piece of land located at 連雲港開發區金橋路與昌圩路南 with site area of 66,664 sqm which is owned by the Disposal Company with a term of land use rights of 70 years for residential use;
“Purchaser”	茂名市億盛房地產有限責任公司, a limited liability company established under the laws of the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$0.0005 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By order of the Board
China Medical & HealthCare Group Limited
Dr. Lim Cheok Peng
Chairman

Hong Kong, 7 April 2017

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

Executive Directors

Ms. Chong Sok Un (Deputy Chairman), Dr. Jonathan Weiyan Seah (Chief Executive Officer), Dato' Wong Peng Chong and Mr. Kong Muk Yin

Non-Executive Directors

Dr. Lim Cheok Peng (Chairman) and Mr. Liao Feng

Independent Non-Executive Directors

Mr. Lau Siu Ki, Mr. Zhang Jian and Dr. Xia Xiaoning

* *the English name is translation of the official Chinese name for identification purpose only*