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China Medical & HealthCare Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

SUPPLEMENTAL ANNOUNCEMENT IN RESPECT OF ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

Reference is made to the annual report of China Medical & HealthCare Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 30 June 2018 (the “**2017/2018 Financial Year**”) published by the Company on 31 October 2018 (the “**2017/2018 Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the 2017/2018 Annual Report.

The board of directors of the Company (the “**Board**”) would like to provide supplemental information on the 2017/2018 Annual Report in relation to the amounts of proceeds (the “**Proceeds**”) used from the Subscription as below.

Intended use of the Proceeds	Proceeds used in previous financial years <i>HK\$'000</i>	Proceeds used in the 2017/2018 Financial Year <i>HK\$'000</i>	Remaining balance of the Proceeds as at 30 June 2018 <i>HK\$'000</i>	Expected utilisation of the remaining Proceeds <i>HK\$'000</i>
i. An amount of approximately HK\$600,000,000 will be used for working capital and for expansion of the Group’s hospital and healthcare, and aged care businesses	228,102	102,839	269,059	118,802 (to be used by 30 June 2019) and 150,257 (to be used on or before 30 June 2021)
ii. The remaining balance of approximately HK\$299,250,000 will be used for reduction of the Group’s borrowings	299,250	–	–	–
Total	<u>527,352</u>	<u>102,839</u>	<u>269,059</u>	<u>269,059</u>

The detailed breakdown of net Proceeds used during the 2017/2018 Financial Year is as follows:–

	Proceeds used in the 2017/2018 Financial Year HK\$'000
For the construction cost of Block D of Nanjing Tongren Hospital	40,442
Settled part of the acquisition costs of 30% equity interest of Aveo China	30,000
For the purchase and improvement of medical and healthcare equipment	32,397
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Total	102,839
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The remaining unutilised Proceeds of approximately HK\$269,059,000 brought forward to the following financial years is expected to be used as intended for working capital and for expansion of the Group's hospital and healthcare, and aged care businesses such as for the settlement of the construction cost of Block D of Nanjing Tongren Hospital; settlement of the balance of the acquisition costs of 30% equity interest of Aveo China; and for purchase and improvement of medical and healthcare equipment.

Save as disclosed above, all other information and content set out in the 2017/2018 Annual Report remain unchanged. This announcement is supplemental to and should be read in conjunction with the 2017/2018 Annual Report. As at 30 June 2019, approximately HK\$118,802,000 of the unutilised Proceeds has been used as intended for the twelve month ended 30 June 2019.

By Order of the Board
China Medical & HealthCare Group Limited
Zhou Liye
Chairman

Hong Kong, 10 October 2019

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. Zhou Liye (Chairman), Dato' Wong Peng Chong, and Mr. Ma Jianting

Independent Non-Executive Directors

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