
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Healthwise Holdings Limited (the “**Company**”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CHINA HEALTHWISE HOLDINGS LIMITED
中國智能健康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 348)

**MAJOR AND CONNECTED TRANSACTION –
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
A WHOLLY-OWNED SUBSIDIARY AND THE SALE LOAN
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Resolutions will be proposed at the extraordinary general meeting of the Company to be held at MJC Members’ Clubhouse, 1/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Monday, 19 October 2020 at 11 a.m. (the “**EGM**”) to approve the matters referred to in this circular.

The notice convening the EGM together with the form of proxy for use at the EGM are enclosed with this circular. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.healthwisehk.com>).

Whether or not you are able to attend the EGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deliver it to the Company’s branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish and in such event, the proxy form shall be deemed to be revoked.

30 September 2020

CONTENTS

	<i>Page</i>
DEFINITIONS	1
PRECAUTIONARY MEASURES FOR THE EGM	4
LETTER FROM THE BOARD	5
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – GENERAL INFORMATION	II-1
NOTICE OF EGM	EGM-1

DEFINITION

In this circular, the following expressions have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holidays or days on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business
“Company”	China Healthwise Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange under stock code: 348
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Company and assignment of Sale Loan by the Company to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Disposal Company”	LC Global Holdings Corporation, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Company immediately prior to Completion
“Disposal Group”	the Disposal Company and its subsidiaries
“EGM”	the extraordinary general meeting of the Company to be convened and held to approve the Sale and Purchase Agreement and the transactions contemplated thereunder

DEFINITION

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	25 September 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Ngai”	Ms. Ngai Ling, Irene
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Full Right Investment Holding Limited, a company incorporated in the British Virgin Islands with limited liability
“Sale and Purchase Agreement”	the conditional sale and purchase agreement entered into between the Company and the Purchaser dated 19 August 2020 in relation to the sale and purchase of the Sale Shares and the Sale Loan
“Sale Loan”	all the interests, benefits and rights of and in the interest-free shareholder’s loan owed by the Disposal Company to the Company on Completion, which amounted to approximately HK\$8.6 million as at Latest Practicable Date

DEFINITION

“Sale Shares”	50,001 shares of par value of US\$1 each in the share capital of the Disposal Company, representing the entire issued share capital of the Disposal Company, which are beneficially owned by the Company immediately prior to Completion
“SFO”	the Securities and Futures Ordinance
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

PRECAUTIONARY MEASURES FOR THE EGM

In view of the ongoing COVID-19 epidemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.5 degrees Celsius may be denied entry into the EGM venue or be required to leave the EGM venue.
- (ii) The Company requests attendees to wear surgical face masks inside the EGM venue at all times, and to maintain a safe distance between seats.
- (iii) No refreshments will be served, and there will be no corporate gifts.

To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using forms of proxy with voting instructions inserted, Shareholders may appoint the Chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

LETTER FROM THE BOARD

CHINA HEALTHWISE HOLDINGS LIMITED
中國智能健康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 348)

Executive Directors:

Lei Hong Wai (*Chairman*)
Cheung Kwok Wai Elton (*Vice Chairman*)
Leung Alex
Lo Ming Wan
Tse Chi Keung
Yuan Huixia

Registered Office:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Independent Non-executive Directors:

Lai Hok Lim
Lien Wai Hung
Wong Tak Chuen

Head Office and Principal Place of

Business in Hong Kong:
Unit 1209, Shun Tak Centre
West Tower
168-200 Connaught Road Central
Hong Kong

30 September 2020

To the Shareholders

Dear Sir/Madam,

**MAJOR AND CONNECTED TRANSACTION –
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
A WHOLLY-OWNED SUBSIDIARY AND THE SALE LOAN**

INTRODUCTION

Reference is made to the announcement of the Company dated 19 August 2020 in relation to the Disposal.

On 19 August 2020, the Company and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Disposal Company at a consideration of HK\$1. Pursuant to the Sale and Purchase Agreement, the Company shall assign the Sale Loan, representing the loan due to the Company by the Disposal Company, to the Purchaser on Completion.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among others, (i) further details of the Disposal, the notice of the EGM and other information as required by the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date

19 August 2020

Parties

Vendor: the Company

Purchaser: the Purchaser

The Purchaser is an investment holding company incorporated in the British Virgin Islands with limited liability.

As at the Latest Practicable Date, Ms. Ngai, being a director of all the companies in the Disposal Group, holds the entire issued share capital of the Purchaser. Accordingly, the Purchaser is a connected person of the Company at the subsidiary level.

Assets to be disposed of

The Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Disposal Company.

The Company shall assign the Sale Loan, representing the loan due to the Company by the Disposal Company, to the Purchaser on Completion.

Consideration

Subject to the terms and conditions of the Sale and Purchase Agreement, the consideration payable to the Company by the Purchaser shall be HK\$1 and shall be payable by the Purchaser to the Company (or its nominee) upon Completion.

The consideration was determined after arm's length negotiations between the Company and the Purchaser taking into account (i) the adjusted unaudited consolidated net liabilities of the Disposal Group of approximately HK\$47.6 million as at 30 June 2020, based on the unaudited consolidated net liabilities of the Disposal Group of approximately HK\$56.2 million as at 30 June 2020 and the Sale Loan of approximately HK\$8.6 million as at the Latest Practicable Date; (ii) the loss-making position of the Disposal Group in recent financial periods; and (iii) the share capital nature of the Sale Loan, which represents the fund invested by the Company other than equity investment.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) are of the view that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion is conditional upon the following conditions being fulfilled and remaining fulfilled or waived by the Purchaser as at Completion:

- (a) the Sale and Purchase Agreement and the transactions contemplated thereunder having been approved by the Shareholders in compliance with the Listing Rules;
- (b) the Company and the Purchaser obtained all necessary licence, consent, approval (including listing approval), authorisation, permission, waiver, order or exemption for the transaction contemplated under the Sale and Purchase Agreement;
- (c) no change (or effect), the consequence of which is to materially and adversely affect the financial position, business or property, results of operations, business prospects or assets of the Disposal Group, occurred on the Disposal Group prior to Completion; and
- (d) the Company having remained to be the sole legal and beneficial owner of the Sale Shares and the Sale Loan free from all encumbrances.

If any of the above conditions have not been satisfied (or, as the case may be, waived by the Purchaser) on or before 5:00 p.m. on 18 November 2020 or such other date as the parties to the Sale and Purchase Agreement may agree in writing, the Sale and Purchase Agreement shall cease and determine (save and except clause relating to confidentiality which shall continue to have full force and effect) and none of the parties shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, save for condition (d) above, none of the conditions above have been fulfilled.

The Purchaser shall be entitled in its absolute discretion to waive the condition (c) above. The other conditions above are incapable of being waived by the Purchaser and the Company.

COMPLETION

Pursuant to the Sale and Purchase Agreement, Completion shall take place on the third Business Days after the satisfaction and/or waiver (as the case may be) of the last conditions precedent or such other date as the parties may agree in writing.

LETTER FROM THE BOARD

INFORMATION ON THE DISPOSAL GROUP

The Disposal Company is an investment holding company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially owned by the Company as at the Latest Practicable Date and immediately prior to Completion.

Kid Galaxy Corporation (“**Kid Galaxy**”), a wholly-owned subsidiary of the Disposal Company, is incorporated in the British Virgin Islands with limited liability.

Kid Galaxy Limited, a wholly-owned subsidiary of Kid Galaxy, is incorporated in Hong Kong with limited liability.

Kid Galaxy Inc., a wholly-owned subsidiary of Kid Galaxy, is incorporated in the United States of America with limited liability.

The Disposal Group is principally engaged in the own brand manufacturing (“**OBM**”) toy business. The OBM toys are mainly sourced from suppliers in Asia according to the Disposal Group’s production requirement and cost and sold in North America and Europe.

Set out below are the financial information of the Disposal Group for the years ended 31 March 2018 and 2019, the nine months ended 31 December 2019 and six months ended 30 June 2020 as extracted from the consolidated accounts of the Company:

	For the six months ended 30 June 2020 (Unaudited) HK\$’000	For the nine months ended 31 December 2019 (Audited) HK\$’000	For the year ended 31 March 2019 (Audited) HK\$’000	For the year ended 31 March 2018 (Re-presented) HK\$’000
Revenue	44,641	202,062	183,848	124,908
Loss before taxation	3,691	7,376	24,926	3,754
Loss after taxation	3,691	7,376	24,926	3,754

As at 30 June 2020, the unaudited consolidated net liabilities of the Disposal Group were approximately HK\$56.2 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company and the Group is principally engaged in sales of toys and Chinese health products, money lending business and investment in financial instruments.

LETTER FROM THE BOARD

Financial performance of the Disposal Group

As disclosed in the annual report of the Company for the year ended 31 March 2019, the OBM toy business segment of the Group recorded an increase in segment loss before income tax, from approximately HK\$3.8 million for the year ended 31 March 2018 to approximately HK\$24.9 million for the year ended 31 March 2019, representing an increase in loss of approximately 555.3%, despite an increase in revenue of approximately 47.2% for the same period. The loss margin of the OBM toy business segment increased from approximately 3.0% for the year ended 31 March 2018 to approximately 13.6% for the year ended 31 March 2019. The deeper in loss margin for the year ended 31 March 2019 was due to price cut of products that year.

As disclosed in the annual report of the Company for the nine months ended 31 December 2019, the OBM toy business segment of the Group recorded revenue and segment loss before income tax of approximately HK\$202.1 million and HK\$7.4 million respectively for the corresponding period, representing a loss margin of approximately 3.7%. The increase in revenue and improvement in loss before taxation and loss margin for the nine months ended 31 December 2019 were due to more orders received from customers of the United States of America in order to prevent higher trade tariff as a result of trade conflicts between the United States of America and the PRC.

Due to the advance purchase order placed by the customers in 2019 as explained above and the outbreak of the COVID-19 pandemic, the effect of which is discussed below, the orders and thus revenue of the OBM toy business significantly reduced in 2020. According to the interim report of the Company for the six months ended 30 June 2020, the OBM toy business segment of the Group recorded revenue and segment loss before income tax of approximately HK\$44.6 million and HK\$3.7 million respectively for the six months ended 30 June 2020, representing a loss margin of approximately 8.3%.

Prospect of the Disposal Group

Although the Disposal Group has started shifting some of its suppliers from the PRC to Indonesia in 2019, the Disposal Group also rely on the PRC for its manufacturing heavily. Due to the global outbreak of the COVID-19 pandemic, the production lines of our suppliers, and thus the sales of the products have been adversely affected. Given that the major customers of the Disposal Group are in the United States of America, the increasing political tension between the United States of America and the PRC also cast doubt on the business of the Disposal Group.

Having considered (i) the continuous loss position of the OBM toy business of the Group in recent years; (ii) the fact that the purchase orders in 2020 were placed by customers in advance in 2019 which reduced the purchase order of the Disposal Group in 2020; (iii) the uncertain threat of the trade conflicts between the United States of America and the PRC and the COVID-19 pandemic, the Company is pessimistic about the prospect of the Disposal Group and is of the view that the financial performance of the OBM toy business is unlikely to turnaround in near future.

LETTER FROM THE BOARD

Intention of the Company

To maintain the competitiveness of the Disposal Group, further capital investments will be required in continuous product development, engineering, new product moulds plus additional marketing and promotion costs for the new products, which will continue to affect the contribution to the OBM segment's profitability. The Company is in doubt whether to continue financing the business development of the Disposal Group having considered the prospect of the OBM toy business as explained above.

Given the continuous loss-making position of the Disposal Group with net liabilities in recent financial periods, and the uncertainties faced by the Disposal Group, the Company considers that the cessation of the OBM toy business will enable the Group to improve its financial position and eliminate any uncertainty arising from the OBM toy business with an aim to stabilising the future financial performance of the Group. Accordingly, since March 2020, the Board started to contemplate the cessation of the OBM toy business. The Board has considered closing or disposing of the OBM toy business. The former usually requires more complicated and costly procedures including but not limited to notifying its customers, suppliers, employees and creditors, collecting all outstanding accounts, selling off inventory, terminating the existing agreements with counterparties and liquidating business assets. As such, the Directors are of the view that the Disposal is a cost effective way for the Group to cease the OBM toy business.

Aware of the intention of the Group to dispose of the Disposal Group, Ms. Ngai, a director of all the companies in the Disposal Group, has expressed interests in purchasing them. Given certain thresholds for entering into the OBM toy business including but not limited to personnel with suppliers and customers, skills to design and develop the brand, and machinery for manufacturing, the Board considers that seeking for potential buyers other than the management of the Disposal Group is difficult and uncommon. As such, without trying to approach other potential purchasers, the Company proceeded to negotiate with the Purchaser on the terms of the Sale and Purchase Agreement regarding the Disposal.

Remaining business of the Group

Upon Completion, the Company will cease to own any interests in each member of the Disposal Group and cease to engage in OBM toy business. The Company will focus on its remaining business of sale of Chinese health products, money lending business and investment in financial instruments (the "**Remaining Business**"). Since the Remaining Business is unrelated to the OBM toy business of the Group, the Directors consider that the Disposal will have no impact on the business focus and future development plan of the Remaining Business. Details of the information and prospect of the Remaining Business are set out in the paragraphs headed "Information of the Remaining Business and financial and trading prospects of the Group" in Appendix I.

LETTER FROM THE BOARD

With reference to the annual reports of the Company for the year ended 31 March 2019 and the nine months ended 31 December 2019 and the interim report of the Company for the six months ended 30 June 2020, the aggregate revenue attributed from the Remaining Business amounted to approximately HK\$135.8 million, HK\$220.8 million, HK\$107.9 million and HK\$73.2 million for the year ended 31 March 2018, the year ended 31 March 2019, the nine months ended 31 December 2019 and the six months ended 30 June 2020 respectively. As mentioned in the paragraphs headed “Financial effect of the Disposal” below, upon Completion, the unaudited consolidated total assets of the Group would decrease by approximately HK\$71.4 million and unaudited consolidated total liabilities of the Group would decrease by approximately HK\$118.9 million, assuming that Completion took place on 30 June 2020.

Having regard (i) that Disposal Group’s business is unrelated to the Remaining Business and the Disposal will have no impact on the business focus and future development plan of the Remaining Business; and (ii) the revenue, assets and liabilities of the Group attributed by the Remaining Business, the Board is of the view that the Remaining Business will be viable and sustainable.

Based on the above, the Directors (including the independent non-executive Directors) consider that although the Disposal is not in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement (including the consideration) are fair and reasonable, and that the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. As none of the Directors has any material interest in the Disposal, no Director was required to abstain from voting on the board resolution approving the Disposal.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Company will cease to own any interests in each member of the Disposal Group and cease to engage in OBM toy business. Each member of the Disposal Group will cease to be a subsidiary of the Company and their results, assets and liabilities will no longer be consolidated into the financial statements of the Company. Since the Disposal Group was loss making, it is expected that the Group would have reduced loss as if Completion took place on 30 June 2020.

Upon Completion, the unaudited consolidated total assets of the Group would decrease by approximately HK\$71.4 million and unaudited consolidated total liabilities of the Group would decrease by approximately HK\$118.9 million, assuming that Completion took place on 30 June 2020.

The Group expects to record a gain of approximately HK\$47.6 million (subject to audit) from the Disposal. Such gain from the Disposal is calculated based on the consideration of HK\$1 plus the unaudited consolidated net liabilities of the Disposal Group of approximately HK\$56.2 million as at 30 June 2020, minus the Sale Loan of approximately HK\$8.6 million.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company and is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Ms. Ngai, being a director of all the companies in the Disposal Group, holds the entire issued share capital of the Purchaser. Accordingly, the Purchaser is a connected person of the Company at the subsidiary level and the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) the Purchaser is a connected person at the subsidiary level, (ii) the Board has approved the Disposal, and (iii) the Directors (including the independent non-executive Directors) have confirmed that the terms of the Disposal are fair and reasonable and the Disposal is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE EGM

The EGM will be held at MJC Members' Clubhouse, 1/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Monday, 19 October 2020 at 11 a.m. for the Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder by way of ordinary resolution. The resolution approving the Disposal will be conducted by way of a poll at the EGM. The notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the Latest Practicable Date, none of the Shareholders or any of their respective associates have a material interest in the Disposal, thus no Shareholder is required to abstain from voting for the resolution at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deliver it to the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish and in such event, the proxy form shall be deemed to be revoked.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that although the Disposal is not in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement (including the consideration) are fair and reasonable, and that the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the Sale and Purchase Agreement and the transactions contemplated thereunder as set out in the notice of the EGM.

Shareholders and potential investors should note that Completion is subject to fulfilment and/or waiver (as the case may be) of the conditions under the Sale and Purchase Agreement. As the Disposal may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and if there is any doubt about their positions, they should consult their professional advisers.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
China Healthwise Holdings Limited
Lei Hong Wai
Chairman and Executive Director

1. FINANCIAL INFORMATION

Details of the financial information of the Group for each of the years ended 31 March 2018, 2019, the nine months ended 31 December 2019 and the six months ended 30 June 2020 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.healthwisehk.com/>):

- annual report of the Company for the year ended 31 March 2018 (pages 71 to 188)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0727/ltn20180727275.pdf>
- annual report of the Company for the year ended 31 March 2019 (pages 74 to 236)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0722/ltn20190722189.pdf>
- annual report of the Company for the nine months ended 31 December 2019 (pages 73 to 232)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042800732.pdf>
- interim report of the Company for the six months ended 30 June 2020 (pages 2 to 27)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0901/2020090101216.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2020, being the latest practicable date for the purposes of preparing this statement of indebtedness prior to the printing of this circular, the Group had the following indebtedness:

Convertible loan notes

As at 31 July 2020, the Group had convertible loan notes in principal amounts of HK\$95.5 million.

Lease liabilities

As at 31 July 2020, the Group had lease liabilities of approximately HK\$12.5 million relating to premises leased by the Group as lessee.

Bank loans

- (i) As at 31 July 2020, the Group had guaranteed bank loan of approximately US\$0.1 million (equivalent to approximately HK\$1 million).
- (ii) As at 31 July 2020, the Group had secured bank loan of approximately US\$1.6 million (equivalent to approximately HK\$12.1 million) which are pledged by a subsidiary's fixtures and equipment, inventories and trade receivables.

Other loan

As at 31 July 2020, the Group had margin loan of approximately HK\$20 million which are secured by the listed securities held by the Group.

Capital commitment

As at 31 July 2020, the Group had no material capital commitment.

Contingent liabilities

As at 31 July 2020, the Group had no material contingent liabilities.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables and accruals in the ordinary course of business, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, which were either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business on 31 July 2020. To the best knowledge of the Directors, having made all reasonable enquiries, there has been no material change in indebtedness or contingent liabilities of the Group since 31 July 2020 and up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of the Group's internal resources, cash flow from operations, the existing cash and bank balances and also the effect of the Disposal, the Group will have sufficient working capital to satisfy its present requirements, that is, for at least the next 12 months from the date of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the interim report of the Company for the six months ended 30 June 2020, the Directors were not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 December 2019 (the date to which the latest audited consolidated financial statements of the Group were made up).

5. INFORMATION OF THE REMAINING BUSINESS AND FINANCIAL AND TRADING PROSPECTS OF THE GROUP

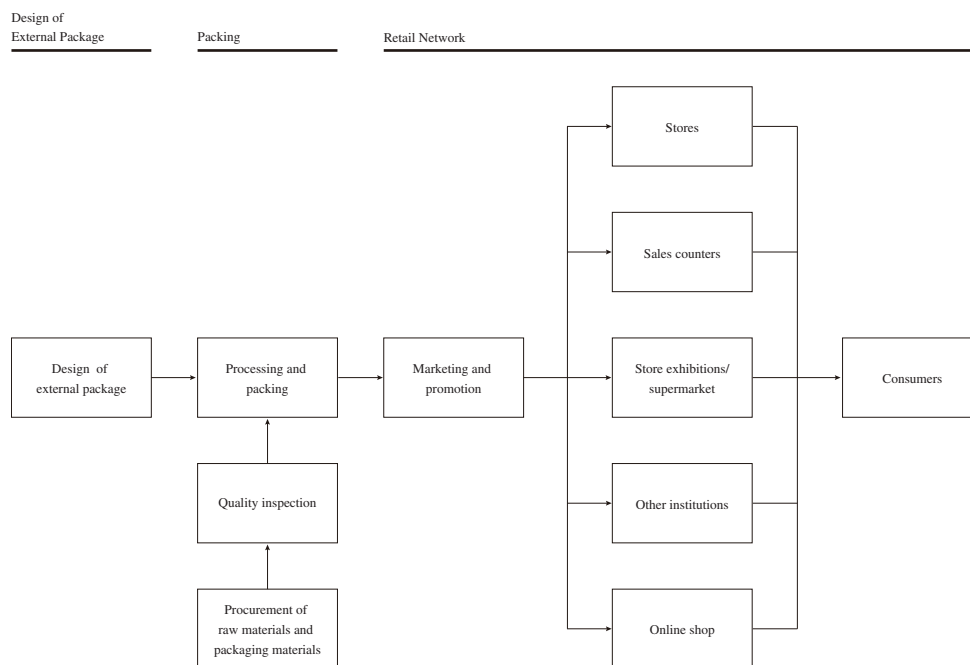
The Company is an investment holding company and the Group is principally engaged in sales of toys and Chinese health products, money lending business and investment in financial instruments.

Upon Completion, the Company will cease to own any interests in each member of the Disposal Group and cease to engage in OBM toy business. The Company will focus on the Remaining Business of sale of Chinese health products, money lending business and investment in financial instruments.

Sale of Chinese health products***Business model***

The Company sells Chinese and other pharmaceutical products, health products, ginseng and dried seafood products to wholesaler and retailer in Hong Kong. The Company also operates chain retail stores to sell “Sum Yung”(參茸) and dried seafood products under the brand name of “Nam Pei Hong”(南北行) in Hong Kong. As at 30 June 2020, the number of staffs employed for Chinese health products business was 81.

Set out below is the operation flow of sale of Chinese health products business:



As illustrated above, before processing and packaging of the products, the Group selects a final design of external package and purchase raw materials and packaging materials. Through certain marketing and promotion including advertisement on different channels and launch of sales events, products of the Group are sold in its own retail stores and sales counters, store exhibitions, supermarkets and other institutions. “Nam Pei Hong” (南北行) also launched Internet shop for customers to purchase online.

Competitive advantages

Stable supply of raw materials

The suppliers provide the Group with raw materials and packaging materials. Most of the suppliers has been in business relation with the subsidiaries engaging in sale of Chinese health products for over 10 years. The long relation between the Group and the suppliers allow the Group to have stable supply of materials for producing products for sale. Apart from the existing suppliers, the Group is constantly looking for new suppliers which can offer more favourable price or better quality of materials to the Group to lower the costs and enhance the products.

Extensive distribution and retail network

There are around 14 branches (including retail stores and sales counters) in Hong Kong. The retail branches cover residential areas as well as prime shopping areas including Causeway Bay and Tsim Sha Tsui. To cater the customers' need and cope with the market trend, online sales platform has been established and free delivery is provided upon purchasing certain amounts of goods. The Group believes that the convenience of online shopping allows the Group's Chinese health products to further penetrate different age group of customers.

Reputative brand name

The business of trading and retail of "Sum Yung"(參茸) and dried seafood products under the brand name "Nam Pei Hong" has commenced since 1977. Though its continuous effort on building the brand, "Nam Pei Hong" have built strong brand recognition in Hong Kong. The brand of "Nam Pei Hong" was awarded, amongst others, (i) "Caring Company"(商界展關懷) by The Hong Kong Council of Social Service from 2016 to 2020; (ii) "Quality Tourism Services"(優質旅遊服務) by Hong Kong Tourism Board from 2007 to 2019; (iii) "Hong Kong Top Brand"(香港名牌) by Hong Kong Brand Development Council from 2009 to 2019; and (iv) "No Fakes Pledge"(正版正貨) by The Hong Kong Retail Management Association from 2008 to 2020.

Suppliers

The suppliers provide the Company with raw materials and packaging materials. The suppliers are around the world, which mainly include the PRC, Taiwan, Indonesia, Malaysia, Korean, Japan, Vietnam, South Africa and Australia. For the six months ended 30 June 2020, the cost of goods sold amounted to approximately HK\$39.6 million.

For the six months ended 30 June 2020, the top five suppliers were raw material providers. The cost of goods sold derived from the top five suppliers was approximately HK\$18.8 million, which represents approximately 47.5% of the total cost of goods sold for the six months ended 30 June 2020.

Set out below is the top five major suppliers of sale of Chinese health products business for the six months ended 30 June 2020:

Supplier	Principal business	Description of the materials sold to the Company	Relation with the Group since
A	Wholesale of Chinese health products	Dried seafood products	2001
B	Wholesale of Chinese health products	Chinese pharmaceutical products	2008
C	Wholesale of Chinese health products	Dried seafood products	2000
D	Wholesale of Chinese health products	Cordyceps	1998
E	Wholesale of Chinese health products	Ginseng	2008

Customers

The customers include distributors, retailers and walk-in customers in the retail stores. For the six months ended 30 June 2020, the sales of this business amounted to approximately HK\$58.0 million, of which approximately HK\$22.5 million was from distributors and retailers and HK\$35.5 million was from walk-in customers.

Excluding walk-in customers, the sales of which accounted for approximately 61.2% of the total sales of this business for the six months ended 30 June 2020, the top five customers were retailers for the six months ended 30 June 2020. The revenue derived from the top five customers was approximately HK\$16.3 million, which represents approximately 28.1% of the total revenue for the six months ended 30 June 2020.

Set out below is the top five major customers of sale of Chinese health products business for the six months ended 30 June 2020:

Customer	Identity	Description	Relation with the Group since
A	Retailer	Health soup packs and dried seafood products	1998
B	Retailer	Health soup packs and dried seafood products	2020
C	Retailer	Health soup packs and dried seafood products	1998
D	Retailer	Health soup packs and dried seafood products	2001
E	Retailer	Health soup packs and dried seafood products	2001

Business plan

The Company intends to increase our market penetration in Hong Kong and explore our market in the PRC. It is expected that the preliminary capital needs for the implementation of such plan is approximately HK\$4.3 million, which would be funded by internal resources.

Prospect

In view of the increasing awareness in health and the aging of population in Hong Kong, demand for health care products, especially Chinese medicine, “Sum Yung”(參茸) and dried seafood in Hong Kong has grown steadily in recent years.

As a result of the local social unrest since June 2019 and the recent COVID-19 epidemic outbreak globally, the number of tourists visiting Hong Kong has reduced which negatively impact the retail market of Hong Kong. At the same time, the local demand on Chinese Healthcare products decreased as well.

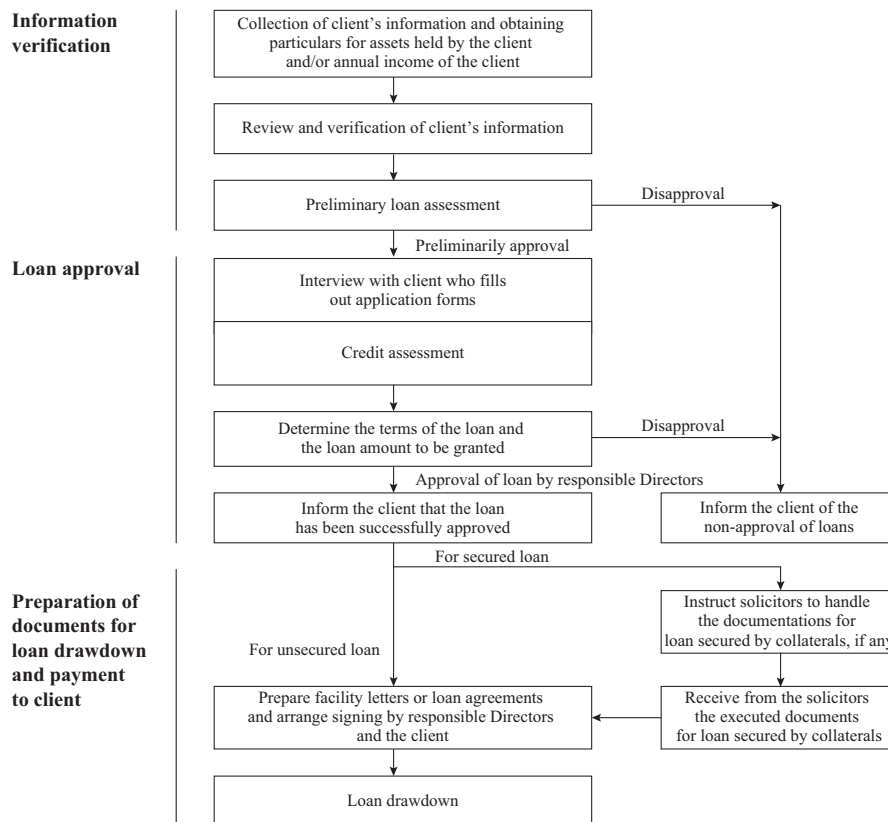
Despite the difficult business environment on the current retail market, the Group will continue to invest in the health care business and to develop its retail business of “Sum Yung”(參茸) dried seafood products and other healthy food products in Hong Kong with an aim to broaden its revenue base especially to the youth generation and middle class consumers. As soon as the situation in relation to the COVID-19 epidemic becomes stable, which means the border of Hong Kong reopens and tourists can visit Hong Kong without quarantines, the Group expects the number of tourists to Hong Kong will rebound and have a positive impact on the retail market of Hong Kong and thus the Group’s performance on Chinese health products.

Money lending

Business model

The money lending business focuses on providing secured or unsecured fixed loans and revolving loan facilities to high net worth individuals and corporates including private companies and listed companies on the Stock Exchange. Revenue is generated from interest received from clients. For secured loans, the collaterals are usually properties, personal guarantees and corporate guarantees. The Company funds the money lending business by internal resources as well as previous capital fund raising activities such as placing of Shares and issuance of convertible bond. As at 30 June 2020, the number of staffs employed for money lending business was 5.

The following diagram illustrates the loan approval procedures:



As stated above, the loan approval procedures can be divided into three main process, (i) information verification, (ii) loan approval and (iii) preparation of documents for loan drawdown and payment to client. For information verification, staffs conduct preliminary loan assessment on the case and grant preliminary approval after reviewing and verifying the background and financial information of the potential borrower. In the loan approval process, based on the interview with clients and credit assessment conducted, the staffs determine the terms of the loan and the loan amount to be granted for responsible Directors to approve. After that, the Group prepares facility letters or loan agreements for the parties to sign. The loan is available to be drawn according to the terms of the documents. In some cases where the loan is secured by collateral(s), solicitors are instructed to handle relevant documentations. Upon the Group receiving the executed documents from the solicitors, the loan can be drawn.

Competitive advantages

Experienced management team

The executive Directors are experienced in operating money lending business, credit management and property investments. In particular, (i) three of the executive Directors have the experience of being directors of listed companies of the Stock Exchange which is principally engaged in money lending and property investments related business; and (ii) four of the executive Directors possess accounting and financial management background, which is essential for credit management of money lending business. It is believed that the operation experiences and backgrounds of the executive Directors can enable the Group to manage the money lending business effectively.

Quick approval system

As mentioned in the loan approval procedures above, the procedures for approving loans include contacting with clients and solicitors (if required), credit assessment, determination of terms of loans and preparation of relevant documents. Every single procedure is handled by specific staff members. Most of the procedures is standardised to minimise the time for transferring the information and application of clients. The quick approval system enables the Group to grant clients loans on a timely manner to meet their immediate financial needs.

Large variety of loan products

Individual and corporate clients have different financial needs. The Company offers secured or unsecured fixed loans and revolving loan facilities. The staffs communicate with potential clients to understand their specific requirements. The Group provides clients with tailer-made terms, which is more flexible regarding repayment, loan period, interest rate, etc. comparing with that offered by ordinary banks.

Loan portfolio

As at 30 June 2020, the loan granted by the Company amounted to approximately HK\$301 million, of which approximately HK\$93 million with guarantee provided and HK\$208 million have no guarantees.

Clients

The clients are all Independent Third Parties including private or listed corporates and individuals. Clients are mainly introduced to the Group through referral by the management, Directors or other prominent businessmen. As at 30 June 2020, there were 9 active loan accounts, amongst which 6 were individual clients and 3 were corporate clients.

For the six months ended 30 June 2020, the top five clients by interest income derived from loans include corporate and individual clients. The amount of loans outstanding from the top five clients were approximately HK\$241 million, which represents approximately 80% of the total loan portfolio for the six months ended 30 June 2020. The interest revenue generated from the top five clients accounted for approximately 82% of the total revenue of money lending business for the six months ended 30 June 2020.

Set out below is the top five major clients (by interest income derived from loans granted) of money lending business for the six months ended 30 June 2020:

Client	Identity	Description	Loan type	Relation with the Group since
A	Individual	Merchant	Fixed loan	2019
B	Individual	Merchant	Revolving loan	2018
C	Corporation	Investment company	Revolving loan	2018
D	Individual	Merchant	Fixed loan	2017
E	Corporation	Listed company	Revolving loan	2019

Internal control

The money lending business is exposed to various risks including but not limited to credit risk arising from the default of clients, liquidity risk regarding the working capital of the Group, economic risk, and legal and regulatory risk. To mitigate the risks, the Group implements the internal control system.

Risk assessment on clients

The Group adopts a risk-based approach in performing client due diligence. To better understand the background of potential clients, borrowers are required to complete a “Know Your Client” form in addition to the loan application form. The riskiness of clients is classified as low, medium and high based on geographical location, client type and interface channel. Once information relating to a client has been collected and verified, the riskiness of the client will be assessed.

High risk clients are subject to enhanced client due diligence, which includes assessing business reputation, recent changes in ownership, directors or senior management for corporate clients, source of wealth of individual clients and face-to-face meeting. Approval from reporting officer is required before granting loans to such type of clients. In granting loans to potential borrowers, responsible Directors also rely on their knowledge on the background and character of the borrower and/or the borrower’s character reference obtained from referees.

Recordkeeping system

All original documents related to a credit transaction as well as documentation listed in the “Know Your Client” form and the loan application form should be obtained by loan officers. For secured loans, loan officers should ensure that the collateral documents are complete. It is the policy of the Group that complete records of clients’ documents, transactions and communications including the reported suspicious activities shall be retained throughout the business relationship with the clients and for seven years after the end of the business relationship with the clients.

For credit arrangements and agreements, loan officer should document in full for the Group’s permanent records.

Monitoring ongoing loans

Ongoing monitoring of business relationship with client is performed by the Group. Staffs should monitor a client by reviewing the client due diligence documents, data and information, examining the client's transactions and identifying the clients' unusual transactions. The responsible Directors also monitor the outstanding loans by reviewing the patterns of credit usage and periodic financial statements and/or position of the borrower, assess the status of the collateral (if any), checking the compliance of terms of existing agreements, identifying contractual payment delinquencies and classifying potential problem loans.

To ensure the information of the Group on existing loans or facilities are up to date so as to minimise the credit risk of the Company, mandatory review and renewal of existing loans or facilities should take place at least once a year, even though loans of facilities may have been initially approved for a longer period.

Review of internal control policy

Regular reviews by compliance officer regarding the internal control policy have been undertaken to ensure that it is functioning as designed. If and when relevant laws and regulations are amended, the Group will amend the internal control policy for compliance.

The Board is also required to review the internal control policy at least once in each financial year and make amendments as it deems necessary or desirable.

Business plan

The Company intends to develop the money lending business cautiously by strengthening its credit policy and risk control policy. The Group does not expect further capital needs for the business in the next 12 months.

Prospect

The Group expect the business environment for money lending to be difficult given the current COVID-19 pandemic outbreak because many economic activities could not be carried out normally. The Group will be more cautious by strengthening its credit policy and risk control policy.

Investment in financial instruments

The Group invests in a diversified portfolio of listed equity securities in Hong Kong in various industries, including but not limited to energy business, media and entertainment related business, property related business and financial business.

Investment strategy

The investment strategy of the Group is to make investments with a short to long term perspective with the objective of making capital gain as well as income from dividend.

The Group will closely monitor various factors such as global economy, investment sentiment and fundamentals of investors and their future prospects and protectively adjust its portfolio in order to improve its performance. The Group will change its equity portfolio mix from time to time and realise the equities held by the Group into cash as and when appropriate.

Portfolio

As at 30 June 2020, the amount of equities held by the Group amounted to approximately HK\$110.7 million. Certain significant listed equities held by the Group include (i) IDG Energy Investment Limited, the shares of which is listed on the Main Board of the Stock Exchange under stock code: 650, with fair value of approximately HK\$40.2 million as at 30 June 2020; (ii) Huanxi Media Group Limited, the shares of which is listed on the Main Board of the Stock Exchange under stock code: 1003, with fair value of approximately HK\$25.6 million as at 30 June 2020; and (iii) Yunfeng Financial Group Limited, the shares of which is listed on the Main Board of the Stock Exchange under stock code: 376, with fair value of approximately HK\$24.5 million as at 30 June 2020.

Business portfolio management

The current business strategies of the Group with an aim to achieve the best use of its resources and improve its overall performance and portfolio diversification have been continuously evaluated. The Company has been actively looking to diversify the revenue sources of the Group in order to create Shareholders' value through making investments and/or acquiring business or projects that have promising outlooks and prospects. As at the Latest Practicable Date, the Company had not identified any specific area or industry, or potential investment opportunities or acquisition target to invest in.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register as referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set forth under Appendix 10 to the Listing Rules (the "Model Code") were as follows:

Long positions in the Shares of the Company

Name	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Mr. Lei Hong Wai	Beneficial owner	57,463,636	7.5%

Save as disclosed above and so far as was known to the Directors, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register referred to therein pursuant to Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders and other person's interests and short position in the Shares, underlying Shares and securities of the Company

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the following persons, other than a Director or chief executive of the Company, had interests or a short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or was recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Long positions

i. Shares

Name	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Eternity Finance Group Limited	Beneficial owner	153,922,824	20.0%
Riche (BVI) Limited	Interest in a controlled corporation	153,922,824	20.0%
Eternity Investment Limited	Interest in a controlled corporation	153,922,824	20.0%

Note:

These Shares were registered in the name of Eternity Finance Group Limited, a wholly-owned subsidiary of Riche (BVI) Limited, which in turn is wholly-owned by Eternity Investment Limited, the shares of which are listed on the Main Board of the Stock Exchange under stock code: 764.

ii. *Convertible bonds of the Company*

Name	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Heng Tai Finance Limited	Beneficial owner	85,500,000	11.1%
Fiorfie Trading Limited	Interest in a controlled corporation	85,500,000	11.1%
Heng Tai Consumables Group Limited	Interest in a controlled corporation	85,500,000	11.1%

Note:

These convertible bonds were registered in the name of Heng Tai Finance Limited, a wholly-owned subsidiary of Fiorfie Trading Limited, which is in turn wholly-owned by Heng Tai Consumables Group Limited, the shares of which are listed on the Main Board of the Stock Exchange under stock code: 197.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than a Director or chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or was recorded in the register required to be kept under Section 336 of Part XV of the SFO.

3. DIRECTOR'S INTERESTS

(a) Interests in assets and contracts of the Group

As at the Latest Practicable Date, (i) none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up; and (ii) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

(b) Service contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation)).

(c) Interests in competing businesses

As at the Latest Practicable Date, Mr. Lei Hong Wai (chairman and executive director of the Company) and Mr. Cheung Kwok Wai Elton (vice chairman and executive director of the Company), through themselves and their beneficial interests in Twin Success International Limited, had interest in approximately 26.0% and 15.3%, respectively, of the issued share capital of Eternity Investment Limited (stock code: 764), a company listed on the Main Board of the Stock Exchange engaging in sale of financial assets, property investment, money lending, and design and sale of jewelry products. In addition, Mr. Lei Hong Wai is the chairman of the board of directors and an executive director of Eternity Investment Limited and Mr. Cheung Kwok Wai Elton is an executive director of Eternity Investment Limited. Therefore, Eternity Investment Limited competes with the Group's money lending business and investment in financial instruments business.

As at the Latest Practicable Date, save as mentioned above, so far as the Directors were aware of, none of the Directors or any of their respective close associates was interested in any business, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

5. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group within the two years immediately preceding the date of this circular:

- (a) the subscription agreement dated 8 October 2018 entered into between the Company and Heng Tai Finance Limited in relation to the issue of bond by the Company in an aggregate principal amount of HK\$120 million (the “**Bond**”);
- (b) the conditional sale and purchase agreement dated 14 December 2018 entered into between the Disposal Company, a wholly-owned subsidiary of the Company, as vendor, and Shrewd Global Investments Limited as purchaser, in relation to the sale and purchase of the entire issued share capital of Lung Cheong Asia Holdings Limited, Kid Galaxy Global Limited and Lung Cheong Overseas Corporation, and sale loan of a wholly-owned subsidiary of Kid Galaxy Global Limited, at an aggregate consideration of HK\$1;
- (c) the conditional sale and purchase agreement dated 27 October 2019 entered into between Future Empire Limited, a direct wholly-owned subsidiary of the Company, as vendor, and Mr. Lau Ngai Chun as purchaser, in relation to the sale and purchase of the entire issued share capital of Keytime Global Limited at a consideration of HK\$1;
- (d) the Sale and Purchase Agreement; and
- (e) the supplemental agreement dated 28 August 2020 entered into between the Company and Heng Tai Finance Limited in relation to the proposed amendments on the Bond.

6. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Lo Ming Wan, a member of the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.
- (b) The registered office of the Company is at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (c) The head office and principal place of business of the Company in Hong Kong is at Unit 1209, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong.

- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company at Unit 1209, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 March 2018 and 2019 and the nine months ended 31 December 2019;
- (c) the material contracts as referred to in the paragraph headed "Material contracts" in this appendix; and
- (d) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

CHINA HEALTHWISE HOLDINGS LIMITED
中國智能健康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 348)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China Healthwise Holdings Limited (the “**Company**”) will be held at MJC Members’ Clubhouse, 1/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Monday, 19 October 2020 at 11 a.m. for the following purposes:

ORDINARY RESOLUTION

“THAT:

- (a) the disposal by the Company of (i) the entire issued share capital of LC Global Holdings Corporation; and (ii) all amounts due and owing by LC Global Holdings Corporation to the Company as at completion of the disposal of LC Global Holdings Corporation on terms more particularly set out in the Company’s circular dated 30 September 2020 (the “**Circular**”) (a copy of the Circular marked “A” and initialed by the Chairman of the meeting for identification purpose has been tabled at the meeting) (the “**Disposal**”) be and are hereby approved; and
- (b) any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents, including under seal where applicable, as he/she/they consider(s) necessary, desirable or expedient in his/their opinion to implement and/or give effect to the Disposal.”

By Order of the Board
China Healthwise Holdings Limited
Lei Hong Wai
Chairman and Executive Director

Hong Kong, 30 September 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. All resolutions at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. The register of members of the Company will be closed from Wednesday, 14 October 2020 to Monday, 19 October 2020 (both dates inclusive), during which period no transfer of shares of the Company will be registered.
3. In order to qualify for the attendance and voting at the extraordinary general meeting, all transfer documents accompanied by the relevant shares certificates for registration must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 13 October 2020.
4. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (who must be an individual or individuals) to attend and vote instead of him. A proxy need not be a shareholder of the Company.
5. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority must be delivered to the Company’s branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude you from attending and voting in person at the meeting and any adjournment thereof if you so wish.
6. If a black rainstorm warning or a tropical cyclone warning signal number 8 or above is hoisted, or extreme condition is in force at or after 8:00 a.m. and before the scheduled meeting time, the above meeting will not be held on Monday, 19 October 2020. The date of the postponed meeting will be rescheduled as soon as practicable. Shareholders may contact Customer Service Hotline of Tricor Abacus Limited at (852) 2980-1333 from 9:00 a.m. to 5:00 p.m., Monday to Friday (excluding public holidays) for any enquiry regarding the aforesaid arrangement.
7. Where there are joint holders of any share in the Company, any one of such joint holders may vote at the meeting, either in person or by proxy, in respect of such share as if he/she/they were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of other holder(s) and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
8. A circular containing the particulars in connection with the Disposal has been despatched to members of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

9. Taking into account of the recent development of the epidemic caused by novel coronavirus (COVID-19) pneumonia, the Company will implement the following prevention and control measures at the meeting against the epidemic to protect the shareholders from the risk of infection:- (i) compulsory body temperature checks will be conducted on every shareholder of the Company, proxy and other attendee at the entrance of the venue. Any person with a body temperature of over 37.5 degrees Celsius may be denied entry into the venue or be required to leave the venue; (ii) the Company requests attendees to wear surgical face masks inside the venue at all times, and to maintain a safe distance between seats; and (iii) no refreshments will be served, and there will be no corporate gifts. Furthermore, the Company wishes to advise the shareholders of the Company, particularly shareholders of the Company who are subject to quarantine in relation to COVID-19, that they may appoint the chairman of the meeting as a proxy to vote on the resolution, instead of attending the meeting in person.
10. References to time and dates in this notice are to Hong Kong time and dates.
11. The translation of this notice into Chinese language is for reference only. In case of any inconsistency, the English version shall prevail.
12. As at the date of this notice, the executive directors of the Company are Mr. Lei Hong Wai (Chairman), Mr. Cheung Kwok Wai Elton (Vice Chairman), Mr. Leung Alex, Ms. Lo Ming Wan, Mr. Tse Chi Keung and Mr. Yuan Huixia; and the independent non-executive directors of the Company are Mr. Lai Hok Lim, Mr. Lien Wai Hung and Mr. Wong Tak Chuen.