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## **Qianhai Health Holdings Limited**

**前海健康控股有限公司**

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

**(Stock Code: 911)**

## **DISCLOSEABLE TRANSACTION**

### **DISPOSAL OF SUBSIDIARIES**

#### **THE DISPOSAL**

The Board announces that on 26 September 2017 (after trading hours), an indirect wholly-owned subsidiary of the Company as the Vendor, the Purchaser, and the Company as the Vendor's guarantor, entered into the Provisional S&P Agreements, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares and the Sale Loans at the total Consideration of HK\$62,500,000.

The Disposal Companies are companies incorporated in Hong Kong with limited liability and principally engaged in property holding. The Disposal Companies own the Properties.

Upon Completion, the Disposal Companies will cease to be subsidiaries of the Company and the financial results of the Disposal Companies will no longer be consolidated into the Company's financial statements.

The Company joins as a party to each of the Provisional S&P Agreements to guarantee and procure the due observance and performance of all the agreements, obligations, commitments and undertakings by the Vendor under each of the Provisional S&P Agreements.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal (on an aggregated basis) are more than 5% and all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **THE DISPOSAL**

The Board announces that on 26 September 2017 (after trading hours), an indirect wholly-owned subsidiary of the Company as the Vendor, the Purchaser, and the Company as the Vendor's guarantor, entered into the Provisional S&P Agreements, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares and the Sale Loans at the total Consideration of HK\$62,500,000.

## **THE PROVISIONAL S&P AGREEMENTS**

Major terms of the Provisional S&P Agreements are set out below.

### **Date:**

26 September 2017

### **Parties**

Vendor: Sparkling Square Holdings Company Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

Purchaser: Metro Smart Holdings Limited

Vendor's  
guarantor: The Company

The Company joins as a party to each of the Provisional S&P Agreements to guarantee and procure the due observance and performance of all the agreements, obligations, commitments and undertakings by the Vendor under each of the Provisional S&P Agreements.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

## **Subject matter**

(i) The Sale Shares, representing the entire issued capital of the Disposal Companies, with all the benefits thereof together with all rights attached thereto and free from all encumbrances; and (ii) the Sale Loans.

## **Consideration**

The consideration for the sale and purchase of the (i) LPH Sale Shares and LPH Sale Loan; and (ii) LPD Sale Shares and LPD Sale Loan shall be HK\$31,250,000 and HK\$31,250,000 respectively, being a total of HK\$62,500,000. The Consideration shall be payable in full in cash in the following manner:

### **In respect of LPH Sale Shares and LPH Sale Loan**

- (i) HK\$1,500,000 shall be payable upon signing of the Provisional S&P Agreement as initial deposit;
- (ii) HK\$1,625,000 shall be payable on or before 6 October 2017 as further deposit;
- (iii) HK\$3,125,000 shall be payable on or before 31 October 2017 as further deposit; and
- (iv) the remaining balance of HK\$25,000,000 shall be payable on the Completion Date.

### **In respect of LPD Sale Shares and LPD Sale Loan**

- (i) HK\$1,500,000 shall be payable upon signing of the Provisional S&P Agreement as initial deposit;
- (ii) HK\$1,625,000 shall be payable on or before 6 October 2017 as further deposit;
- (iii) HK\$3,125,000 shall be payable on or before 31 October 2017 as further deposit; and
- (iv) the remaining balance of HK\$25,000,000 shall be payable on the Completion Date.

## **Basis of the Consideration**

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the recent transaction price of comparable properties at similar locations. Based on the aforesaid, the Directors are of the view that the Consideration is fair and reasonable.

## **Conditions precedent**

Completion shall be conditional upon the following:

- (a) all requirements imposed by the Stock Exchange under the Listing Rules or otherwise in connection with the transaction contemplated by the Provisional S&P Agreements having been fully complied with;
- (b) the Purchaser having completed its due diligence investigation on the business, financial, legal and all other aspects of the Disposal Companies and satisfied with the results thereof;
- (c) the Vendor, shall at the Vendor's own cost, procure the Disposal Companies to prove and give a good title to the Properties in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong); and
- (d) all the representations, undertakings and warranties given by the Vendor under the Provisional S&P Agreements and the Formal Agreements are and shall remain true, accurate, correct and complete and not misleading in all respects up to the Completion.

If any of the foregoing conditions is not fulfilled (or waived by the Purchaser) on or before the Completion Date, the Purchaser shall be entitled to cancel the transaction under the Provisional S&P Agreements whereupon the Vendor shall return all the deposit paid under the Provisional S&P Agreements to the Purchaser forthwith.

## **Formal Agreements**

The Vendor and the Purchaser shall use all their reasonable endeavours to enter into the Formal Agreements on or before 1 December 2017.

## **Completion**

Completion shall take place on the Completion Date. Upon Completion, the Purchaser agrees to take over the Properties on an "as-is" basis subject to the existing tenancies over the Properties. The Provisional S&P Agreements shall be completed simultaneously.

## **Existing tenancy arrangement**

As at the date of this announcement, the Rental Properties were leased to two tenants, each being an Independent Third Party. One of the Rental Properties would be leased until 30 December 2017 and the other Rental Properties would be leased until 31 October 2022.

## INFORMATION OF THE DISPOSAL COMPANIES

The Disposal Companies are companies incorporated in Hong Kong with limited liability and their principal activities are properties holding. The Disposal Companies own the Properties, which are mainly for self-use as the warehouse and partly leased to Independent Third Parties for commercial use.

The reporting period end date of the Disposal Companies was changed from 31 March to 31 December in 2015. Set out below is the audited financial information of the Disposal Companies for the year ended 31 December 2016 and the period from 1 April 2015 to 31 December 2015 respectively:

### Luck Power (HK)

	<b>Financial year ended 31 December 2016 (HK\$'000)</b>	<b>Period from 1 April 2015 to 31 December 2015 (HK\$'000)</b>
Revenue	630	458
(Loss)/Profit before tax	(1,809)	(567)
(Loss)/Profit after tax	(1,809)	(567)

The unaudited total asset value and net asset value of the Luck Power (HK) as at 30 June 2017 were approximately HK\$30.4 million and approximately HK\$24.9 million respectively.

### Luck Power Development

	<b>Financial year ended 31 December 2016 (HK\$'000)</b>	<b>Period from 1 April 2015 to 31 December 2015 (HK\$'000)</b>
Revenue	312	338
(Loss)/Profit before tax	(1,618)	510
(Loss)/Profit after tax	(1,613)	498

The unaudited total asset value and net asset value of the Luck Power Development as at 30 June 2017 were approximately HK\$30.0 million and approximately HK\$24.8 million respectively.

## **INFORMATION OF THE GROUP AND THE PURCHASER**

The Group is principally engaged in American ginseng trading business.

The Purchaser is an investment holding company and is an Independent Third Party.

## **FINANCIAL IMPACT OF THE DISPOSAL**

Taking into account of the Consideration, the assignment of the amount due from the Disposal Companies to the Group of a total of approximately HK\$10.3 million and based on the audited net assets of the Disposal Companies as at 31 December 2016, the Group is expected to record a gain of approximately HK\$1.8 million from the Disposal. The proceeds from the Disposal will enable the Group to improve its working capital condition for future opportunities that may arise. The actual gain or loss in connection with the Disposal will be assessed after Completion and will be subject to audit.

Upon Completion, the Disposal Companies will cease to be subsidiaries of the Company and the financial results of the Disposal Companies will no longer be consolidated into the Company's financial statements.

Based on the above, it is expected that the Disposal would not have material impact on the consolidated financial position of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

Since the change of company name in September 2016, the Company has been actively exploring various healthcare related projects, including general hospitals, specialty hospitals, health check centers and senior housing in China in order to develop a healthcare services network to capture China's fast-growing healthcare pace.

The Directors believe that the Disposal will enhance the cash flows of the Group. The Disposal will allow the Group to redeploy its resources to working capital or investment in existing and future projects which will offer a better and more attractive return to the Group, and benefit the Company and its shareholders as a whole.

Having considered the above, the Board considers that the terms of the Disposal are on normal commercial terms, fair and reasonable and are in the best interests of the Company and the Shareholders as a whole, but is not in the ordinary or usual course of business of the Group due to the nature of such transaction.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal (on an aggregated basis) are more than 5% and all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board”	the board of Directors
“Company”	Qianhai Health Holdings Limited (前海健康控股有限公司), 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 (stock code: 0911)
“Completion”	completion of the Disposal
“Completion Date”	19 January 2018, being the date of Completion
“Consideration”	the sum of HK\$62,500,000, being the aggregate consideration for the sale and purchase of the Sale Shares and the Sale Loans
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares, representing the entire issued share capital of the Disposal Companies, and the Sale Loans, subject to the terms and conditions of the Provisional S&P Agreements
“Disposal Companies”	Luck Power (HK) and Luck Power Development
“Formal Agreements”	formal agreements to be entered into between the Vendor and the Purchaser in respect of the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected person(s) of the Company
“LPD Sale Loan”	the amount due from Luck Power Development to its intermediate holding company in the amount of approximately HK\$5.2 million as at 31 December 2016 and to be ascertained as at the Completion Date
“LDH Sale Loan”	the amount due from Luck Power (HK) to its intermediate holding company in the amount of approximately HK\$5.1 million as at 31 December 2016 and to be ascertained as at the Completion Date
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPD Sale Shares”	the entire issued share capital of Luck Power Development as at Completion
“LPH Sale Shares”	the entire issued share capital of Luck Power (HK) as at Completion
“Luck Power (HK)”	Luck Power (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by the Company as at the date of this announcement
“Luck Power Development”	Luck Power Development Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by the Company as at the date of this announcement
“Properties”	workshops D1-D14 on 5/F, Block D, and car parking space No.111 on 1/F, Tsing Yi Industrial Centre Phase II, Tsing Yi, Kowloon, Hong Kong owned by the Disposal Companies; and plants and equipment owned by Luck Power (HK)
“Provisional S&P Agreements”	two provisional sale and purchase agreements dated 26 September 2017 and entered into between the Vendor and the Purchaser in relation to the Disposal



“Purchaser”	Metro Smart Holdings Limited, a company incorporated in British Virgin Islands with limited liability and an Independent Third Party
“Rental Properties”	part of the Properties which was owned by Luck Power (HK) and leased to two tenants as at the date of this announcement
“Sale Loans”	collectively, the LPD Sale Loan and the LPH Sale Loan
“Sale Shares”	collectively, the LPD Sale Shares and the LPH Sale Shares
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Sparkling Square Holdings Company Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company
“%”	per cent

On behalf of the Board  
**Qianhai Health Holdings Limited**  
**George Lu**  
*Chairman & Chief Executive Officer*

Hong Kong, 26 September 2017

*As at the date of this announcement, the executive Directors are Mr. George Lu and Mr. Wong Kwok Ming; the non-executive Director is Mr. Yeung Wai Fai Andrew and the independent non-executive Directors are Mr. Li Wei, Mr. Wu Wai Leung Danny and Mr. Yuen Chee Lap Carl.*