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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)**

**PROPOSED SHARE CONSOLIDATION,  
PROPOSED CHANGE IN BOARD LOT SIZE  
AND  
PROPOSED SHARE PREMIUM REDUCTION**

**PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Shares of HK\$0.004 each will be consolidated into one (1) Consolidated Share of HK\$0.04 each.

**PROPOSED CHANGE IN BOARD LOT SIZE**

The Shares are currently traded in board lots of 10,000 Shares. The Company proposes to change the board lot size for trading on the Stock Exchange from 10,000 Shares to 5,000 Consolidated Shares after and conditional upon the Share Consolidation becoming effective.

**PROPOSED SHARE PREMIUM REDUCTION**

The Board proposes to implement the Share Premium Reduction which will involve a reduction of the entire amount standing to the credit of the share premium account of the Company to nil. The credit arising from the Share Premium Reduction will be credited to retained earnings/accumulated deficits of the Company.

## **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among others, the Share Consolidation and the Share Premium Reduction. A circular containing, among other things, further details of the Share Consolidation, the Change in Board Lot Size, the Share Premium Reduction and the notice convening the EGM, is expected to be despatched to the Shareholders on or before 23 August 2018.

## **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Shares of HK\$0.004 each will be consolidated into one (1) Consolidated Share of HK\$0.040 each.

### **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 50,000,000,000 Shares of HK\$0.004 each, of which 16,943,130,000 Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective, on the basis that the Company does not allot, issue or repurchase any Shares prior thereto, the authorised share capital of the Company shall become HK\$200,000,000 divided into 5,000,000,000 Consolidated Shares of HK\$0.04 each, of which 1,694,313,000 Consolidated Shares will be in issue. Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

### **The Outstanding Options**

As at the date of this announcement, there were 160,040,000 Outstanding Options granted under the Share Option Scheme. Under the relevant terms and conditions thereof, the Share Consolidation may lead to adjustments to the exercise price and/or the number of shares of the Company falling to be issued upon exercise of the Outstanding Options pursuant to the terms thereof. Assuming there is no other adjustment event under the relevant share option scheme other than the Share Consolidation becoming effective, the Outstanding Options will entitle the holders thereof to subscribe for up to 16,004,000 Consolidated Shares in aggregate. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

Save for the aforesaid, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

## **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM; and
- (ii) the Listing Division of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

The Share Consolidation will become effective on the next Business Day immediately following the fulfillment of the above conditions.

## **Listing application**

An application will be made by the Company to the Listing Division of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

Currently, the existing Shares are traded on the Stock Exchange in the board lot size of 10,000 Shares. The Company proposes to change the board lot size for trading on the Stock Exchange from 10,000 Shares to 5,000 Consolidated Shares after and conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.061 per Share (equivalent to HK\$0.61 per Consolidated Share) (the “**Closing Price**”) as quoted on the Stock Exchange as at the date of this announcement, the market value of each board lot of 5,000 Consolidated Shares, assuming the Share Consolidation had already become effective, would be HK\$3,050. The Change in Board Lot Size will not, by itself, affect any of the rights of the Shareholders. From Thursday, 27 September 2018, only new share certificates of the Consolidated Shares will be issued in board lots of 5,000 Consolidated Shares each (except for odd lots or where the Hong Kong Branch Share Registrar is otherwise instructed.)

## **OTHER ARRANGEMENTS**

### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

### **Odd lots arrangement and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

### **Free exchange of Consolidated Shares' certificates and trading arrangement**

Subject to the Share Consolidation becoming effective, Shareholders may, on or after Wednesday, 12 September 2018 until Tuesday, 23 October 2018 (both days inclusive), submit existing share certificates for the Shares to the Hong Kong Branch Share Registrar, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new share certificates of the Consolidated Shares (on the basis of ten (10) Shares for one (1) Consolidated Share). Thereafter, existing share certificates of Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each existing share certificate for the Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher. After close of business on Tuesday, 23 October 2018, existing share certificates for the Shares will only remain effective as documents of title and may be exchanged for certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

The colour of the new share certificates for the Consolidated Shares will be announced by the Company in due course.

## **REASONS FOR THE SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE**

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. In view of the prevailing trading price of the Shares, the Board proposes to implement the Share Consolidation and Change in Board Lot Size. It is expected that the Share Consolidation and Change in Board Lot Size would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. As a result, the Share Consolidation and Change in Board Lot Size would enable the Company to comply with the trading requirements under the Listing Rules.

It is expected that the Change in Board Lot Size would bring possible increase in the liquidity of the trading of the Consolidated Shares on the Stock Exchange and reduce the effect of odd lot arising from the Share Consolidation. Accordingly, the Board considers that the proposed consolidation of every ten (10) issued and unissued existing Shares into one (1) Consolidated Share and the Change in Board Lot Size is the most feasible option which would be in the interests of the Company and the Shareholders as a whole as the board lot value after Share Consolidation, calculated based on the Closing Price, will be HK\$3,050 which is over HK\$2,000 (the minimum transaction costs for a securities trade), while not making the cost for each board lot being too high.

As at the date of this announcement, the Company has no concrete plan for any fund raising activities though the Company may consider to raise fund through fund raising activities in the next 12 months. Having considered any possible fund raising activities to be conducted by the Company in the next 12 months, the Directors consider that the basis of the Share Consolidation and the Change in Board Lot Size is reasonable and sufficient. As at the date of this announcement, besides the Share Consolidation, Change in Board Lot Size and Share Premium Reduction, to the best knowledge of the Directors, the Company has no intention to carry out any corporate action or arrangement, including share consolidation, share subdivision and change in board lot size, in the next 12 months which would have a contradictory effect to the Share Consolidation.

Save for the relevant expenses, including but not limited to professional fees and printing charge to be incurred by the Company, the implementation of the Share Consolidation and Change in Board Lot Size will not alter the underlying assets, business operations, management or the financial position of the Company or the proportionate interests of the Shareholders. In view of the above, the Board considers that the Share Consolidation and Change in Board Lot Size, (i) will not have any material adverse effect on the financial position of the Group; (ii) are fair and reasonable; and (iii) are in the interests of the Company and the Shareholders as a whole.

## EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Consolidation and the Change in Board Lot Size is as follows:

| <b>Event</b>                                                                                                                                                 | <b>Hong Kong Time 2018</b>                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Expected date of despatch of the circular<br>with notice and form of proxy of the EGM . . . . .                                                              | Thursday, 23 August                                                         |
| Latest date and time for lodging transfer documents<br>in order to qualify for attending and<br>voting at the EGM . . . . .                                  | 4:30 p.m.<br>on Tuesday, 4 September                                        |
| Register of members of the Company closed<br>for determining entitlements to attend and<br>vote at the EGM . . . . .                                         | Wednesday, 5 September<br>to Tuesday, 11 September<br>(both days inclusive) |
| Latest time for return of proxy form of<br>the EGM (not less than 48 hours prior<br>to time of the EGM) . . . . .                                            | 2:00 p.m.<br>on Sunday, 9 September                                         |
| Date and time of the EGM . . . . .                                                                                                                           | 2:00 p.m.<br>on Tuesday, 11 September                                       |
| Announcement of voting results of the EGM . . . . .                                                                                                          | Tuesday, 11 September                                                       |
| Effective date of the Share Consolidation . . . . .                                                                                                          | Wednesday, 12 September                                                     |
| Commencement of dealings in Consolidated Shares . . . . .                                                                                                    | 9:00 a.m.<br>on Wednesday, 12 September                                     |
| Original counter for trading in the Shares<br>in board lots of 10,000 Shares<br>(in the form of existing share certificates)<br>temporarily closes . . . . . | 9:00 a.m.<br>on Wednesday, 12 September                                     |

**Event****Hong Kong Time 2018**

|                                                                                                                                                                         |                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| Temporary counter for trading in the Consolidated Shares<br>in board lots of 1,000 Consolidated Shares<br>(in the form of existing share certificates) opens . . . . .  | 9:00 a.m.<br>on Wednesday, 12 September |
| First day for free exchange of<br>existing share certificates for new share certificates<br>for the Consolidated Shares. . . . .                                        | Wednesday, 12 September                 |
| Original counter for trading in the Consolidated Shares<br>in board lots of 5,000 Consolidated Shares<br>(in the form of new share certificates) re-opens. . . . .      | 9:00 a.m.<br>on Thursday, 27 September  |
| Parallel trading in the Consolidated Shares<br>(in the form of new share certificates and<br>existing share certificates) commences . . . . .                           | 9:00 a.m.<br>on Thursday, 27 September  |
| Designated broker starts to stand<br>in the market to provide matching services<br>for odd lots of the Consolidated Shares. . . . .                                     | 9:00 a.m.<br>on Thursday, 27 September  |
| Temporary counter for trading in the Consolidated Shares<br>in board lots of 1,000 Consolidated Shares<br>(in the form of existing share certificates) closes . . . . . | 4:00 p.m.<br>on Friday, 19 October      |
| Parallel trading in the Consolidated Shares<br>(in the form of new share certificates and<br>existing share certificates) ends. . . . .                                 | 4:00 p.m.<br>on Friday, 19 October      |
| Designated broker ceases to stand in the market to<br>provide matching services for sale and<br>purchase of odd lots of the Consolidated Shares . . . . .               | 4:00 p.m.<br>on Friday, 19 October      |
| Last day for free exchange of existing share certificates<br>for new share certificates for the Consolidated Shares. . . . .                                            | Tuesday, 23 October                     |

*All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates and deadlines specified in this announcement for events in the timetable for the Share Consolidation and the Change in Board Lot Size is subject to the satisfaction of all the conditions of the Share Consolidation, including without limitation, the approval of the Share Consolidation by Shareholders at the EGM, and are therefore for indicative purpose only.*

*In the event that any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers appropriate. Any extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.*

## **SHARE PREMIUM REDUCTION**

The Board proposes to reduce the entire amount standing to the credit of the share premium account of the Company to nil. The credit arising from the Share Premium Reduction will be credited to retained earnings/accumulated deficits account of the Company.

As at 30 June 2018, the amount standing to the credit of the share premium account of the Company was approximately HK\$1,520,776,000. All amounts standing to the credit of the share premium account of the Company as of the Effective Date will be cancelled in full and will be credited to the retained earnings/accumulated deficits account of the Company, which as at 30 June 2018, accumulated deficits had a balance of approximately HK\$951,274,000.

Other than the expenses to be incurred in relation to the Share Premium Reduction, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders. The Directors believe that the Share Premium Reduction will not have any material adverse effect on the financial position of the Group.

The Share Premium Reduction does not involve either the diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid-up capital of the Company.

### **Reasons for the Share Premium Reduction**

The accumulated deficits recorded by the Company as at 30 June 2018 are set out above. The Board is of the view that the Share Premium Reduction will allow the Company to eliminate its accumulated deficits, thus enabling Shareholders and investors to have a better appreciation of the financial position of the Company and its current businesses. Furthermore, this would also give the Company the flexibility to declare dividends to Shareholders at the earliest opportunity in the future when the Board considers appropriate. The Board believes that the Share Premium Reduction is in the best interests of the Company and the Shareholders as a whole. At this stage, the Company does not have any present intention to declare any dividends to Shareholders despite the Share Premium Reduction.



## **Conditions for Share Premium Reduction**

The Share Premium Reduction is conditional upon, inter alia, passing of an ordinary resolution by the Shareholders to approve the Share Premium Reduction at the EGM.

Subject to the fulfilment of the above condition, it is expected that the Share Premium Reduction shall become effective from the next business day immediately following the date of the EGM.

## **GENERAL**

A circular containing, among other things, further details of the Share Consolidation, Change in Board Lot Size and Share Premium Reduction and a notice of the EGM will be despatched to the Shareholders on or before 23 August 2018. Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt about any of the above matters.

## **DEFINITIONS**

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

|                            |                                                                                                                                                                                                                                                                                                                |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Board”                    | the board of Directors                                                                                                                                                                                                                                                                                         |
| “Business Day(s)”          | a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours |
| “CCASS”                    | the Central Clearing and Settlement System established and operated by HKSCC                                                                                                                                                                                                                                   |
| “Change in Board Lot Size” | the proposed change in board lot size of the existing Shares for the trading on the Stock Exchange from 10,000 Shares to 5,000 Consolidated Shares                                                                                                                                                             |
| “Company”                  | Qianhai Health Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange                                                                                                                                |
| “Consolidated Share(s)”    | ordinary share(s) of HK\$0.04 each in the issued share capital of the Company immediately following the Share Consolidation becoming effective                                                                                                                                                                 |

|                                    |                                                                                                                                                                                                                                                             |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Director(s)”                      | director(s) of the Company                                                                                                                                                                                                                                  |
| “Effective Date”                   | the date on which the Share Premium Reduction shall become effective, being the next business day immediately following the date of the EGM at which the relevant special resolution approving the Share Premium Reduction being passed by the Shareholders |
| “EGM”                              | the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among others, the Share Consolidation and the Share Premium Reduction                                                        |
| “HKSCC”                            | Hong Kong Securities Clearing Company Limited                                                                                                                                                                                                               |
| “HK\$”                             | Hong Kong dollars, the lawful currency of Hong Kong                                                                                                                                                                                                         |
| “Hong Kong”                        | the Hong Kong Special Administrative Region of the People’s Republic of China                                                                                                                                                                               |
| “Hong Kong Branch Share Registrar” | the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Ltd. at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong                                                                                         |
| “Listing Rules”                    | the Rules Governing the Listing of Securities on the Stock Exchange                                                                                                                                                                                         |
| “Outstanding Options”              | the right(s) granted under the Share Option Scheme to subscribe for shares of the Company in accordance with the Share Option Scheme                                                                                                                        |
| “Share(s)”                         | existing ordinary share(s) in the Company of HK\$0.004 each                                                                                                                                                                                                 |
| “Share Consolidation”              | the proposed consolidation of every ten (10) issued and unissued Shares of par value of HK\$0.004 each into one (1) Consolidated Share of par value of HK\$0.04 each                                                                                        |
| “Share Option Scheme”              | the share option scheme of the Company adopted on 9 June 2014                                                                                                                                                                                               |
| “Share Premium Reduction”          | the proposed reduction of the entire amount standing to the credit of the share premium account of the Company as of the Effective Date to nil                                                                                                              |

“Shareholders” holders of the Shares or the Consolidated Shares, as the case may be

“Stock Exchange” The Stock Exchange of Hong Kong Limited

By order of the Board  
**Qianhai Health Holdings Limited**  
**George Lu**  
*Chairman & Chief Executive Officer*

Hong Kong, 10 August 2018

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