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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 IN RELATION TO A DISPOSAL OF A SUBSIDIARY**

### **THE DISPOSAL**

On 22 November 2018, the Company and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company agreed to sell and the Purchaser agreed to purchase the Sale Shares at the Consideration of HK\$50,000,000. Upon Completion, the Disposal Company will cease to be a subsidiary of the Company.

### **THE LISTING RULES IMPLICATIONS**

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

### **THE DISPOSAL**

On 22 November 2018 (after trading hours), the Company, as vendor, and the Purchaser, as purchaser, entered into the Sale and Purchase Agreement, pursuant to which the Company agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing the entire issued share capital of the Disposal Company. The Consideration shall be settled by cash under the Sale and Purchase Agreement.

## **THE SALE AND PURCHASE AGREEMENT**

Details of the Sale and Purchase Agreement and the transactions contemplated thereunder are set out below:

Date : 22 November 2018 (after trading hours)

Parties : the Company, as vendor, and  
the Purchaser, as purchaser.

The Purchaser is an investment holding company incorporated in Hong Kong with limited liability. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

### **Assets to be disposed of**

Pursuant to the terms of the Sale and Purchase Agreement, the Company has agreed to sell and the Purchaser has agreed to acquire the Sale Shares. For further information of the Disposal Group, including the Disposal Company, please refer to the section headed “Information on the Disposal Group” below.

### **Consideration**

The Consideration for the sale and purchase of the Sale Shares is HK\$50,000,000, which was determined after arm’s length negotiations between the Company and the Purchaser after taking into account the unaudited consolidated net asset value of the Disposal Group of approximately HK\$48 million as at 31 October 2018.

The Consideration shall be settled by the Purchaser in the following manner:

- (a) HK\$10,000,000 shall be payable by the Purchaser to the Company (or its nominee(s)) within 2 days after the execution of the Sale and Purchase Agreement;
- (b) HK\$20,000,000 shall be payable by the Purchaser to the Company (or its nominee(s)) on or before 31 March 2019; and
- (c) the remaining balance of HK\$20,000,000 shall be payable by the Purchaser to the Company (or its nominee(s)) on or before 30 June 2019.

## Completion

Completion shall take place on the date where HK\$10,000,000, being part of the Consideration, being paid by the Purchaser to the Company (or its nominee(s)) in cash, or any later date as agreed by the parties.

## INFORMATION ON THE GROUP

The Company, as the vendor, is an investment company.

The Group is principally engaged in sourcing American ginseng from Canada and selling American ginseng in Hong Kong. The Group has also been in the process of undergoing business transformation and has commenced other business in various projects in China, such as a project in relation to development of high-end hot spring residential resorts and medical and health care centre in Lin An city, Hangzhou Province in China.

## INFORMATION ON THE DISPOSAL GROUP

As of the date of this announcement and immediately prior to Completion, the Disposal Company is a direct wholly-owned subsidiary of the Company. The Disposal Company is an investment holding company which is incorporated in the British Virgin Islands with limited liability and indirectly owns 49% equity interest in HJIT.

HJIT was established under the laws of the PRC in 2017. HJIT is principally engaged in the provision of information technology problem solving services to the customers.

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

The unaudited financial information of the Disposal Company and HJIT for the years ended or as at 31 December 2016 and 2017 were as follows:

### The Disposal Company

	<b>Year ended 31 December 2016 (unaudited) <i>HK\$'000</i></b>	<b>Year ended 31 December 2017 (unaudited) <i>HK\$'000</i></b>
Net (loss)/profit before taxation	(2,710)	84
Net(loss)/profit after taxation	(2,710)	84

## HJIT

	<b>Year ended 31 December 2016 (unaudited) RMB'000</b>	<b>Year ended 31 December 2017 (unaudited) RMB'000</b>
Net profit before taxation	N/A*	10,781
Net profit after taxation	N/A*	10,781

\* HJIT was set up in 2017.

The unaudited net asset value of Disposal Company and HJIT as at 31 October 2018 were approximately HK\$48 million and RMB 67 million respectively.

## FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Company will cease to hold any interest in the Disposal Company and members of the Disposal Group will cease to be subsidiaries of the Company. The financial results, assets and liabilities of the Disposal Group will no longer be included in the consolidated financial statements of the Group. With reference to (i) the unaudited consolidated net asset value of the Disposal Group of approximately HK\$48 million as at 30 April 2018, (ii) the Consideration of HK\$50,000,000 and (iii) the estimated expenses incurred for the Disposal of approximately HK\$100,000, the Company is expected to recognise an unaudited profit (before tax) of approximately HK\$1.9 million (subject to adjustment and audit) from the Disposal for the year ending 31 December 2018.

The aforesaid estimation is for illustrative purpose only, and is subject to review and confirmation by the Company's auditors. The actual gain to be recorded by the Company can only be ascertained when the consolidated net asset value of the Disposal Group and the incidental transaction costs are determined upon Completion.

## PROPOSED USE OF PROCEEDS

The Company intends to use the sale proceeds from the Disposal as general working capital of the Group and for such other business opportunities, if any, to be identified by the Company.

## REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal business activities of the Group is sourcing and trading of American ginseng.

The principal business of the Disposal Group is providing the information technology problem solving services to the customers, which is different from the principal business of the Group. The Directors consider that the Disposal represents an opportunity for the Group to realise the assets of the Disposal Group which are uncertain in their financial contributions and prospects. It is the plan of the Group to deploy more resources and commitment in the other business opportunities, if any to be identified by the Company. As disclosed in the section headed “Financial effects of the Disposal” above, the Group is expected to recognise an unaudited profit (before tax) of approximately HK\$1,900,000 (subject to adjustment and audit) from the Disposal for the year ending 31 December 2018. The actual amount of gain or loss to be recognised would be subject to the actual amount of consolidated net asset value of the Disposal Company as at Completion, and will be reviewed by the Company’s auditors. Nevertheless, the Directors consider the Disposal will facilitate the Group to better focus and allocate its resources to other business. The Directors are of the view that the Sale and Purchase Agreement was not entered into in the ordinary and usual course of business of the Group, but the terms thereof are fair and reasonable and that the transactions contemplated thereunder are in the interests of the Company and the shareholders of the Company as a whole. The proceeds from the Disposal will enable the Group to improve its working capital condition for future opportunities that may arise.

## **LISTING RULES IMPLICATIONS**

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

## **DEFINITIONS**

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“Company”	Qianhai Health Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“Consideration”	the total consideration in the amount of HK\$50,000,000 for the Sales Shares
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the Sale and Purchase Agreement

“Disposal Company”	Wealthy Harvest Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability, a direct wholly owned subsidiary of the Company as at the date of this announcement
“Disposal Group”	the Disposal Company and its subsidiaries
“Group”	the Company and its subsidiaries
“HJIT”	浙江匯尊網絡科技有限公司 (Zhejiang Huizun Network Technology Company Limited*), a limited liability company established under the laws of the PRC
“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
“Independent Third Party”	a third party independent of the Company and the connected persons (has the meaning ascribed to it under the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Purchaser”	Silver Success Development Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 November 2018 and entered into between the Company and the Purchaser in relation to the Disposal
“Sale Shares”	100 shares of the Disposal Company, which represented the entire issued capital of the Disposal Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

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

Hong Kong, 22 November 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.*

\* *For identification purpose only*