

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF A PROPERTY

THE DISPOSAL

On 12 March 2020 (after trading hours), the Vendor, an indirect wholly owned subsidiary of the Company, the Purchaser and the Property Agent, both being Independent Third Parties, entered into the Provisional S&P Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property at the Consideration of HK\$94,800,000. The Property shall be disposed of to the Purchaser on an “as is” basis.

THE LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company and is subject to reporting, announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to approve the Provisional S&P Agreement and the transaction contemplated thereunder if the Company were to convene a general meeting for such approval. Explorer Rosy, being the controlling Shareholder holding 892,485,771 Shares (representing approximately 52.72% of the issued share capital of the Company as at the date of this announcement), has given its written approval for the Provisional S&P Agreement and the transaction contemplated thereunder, and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened for the purpose of approving the Provisional S&P Agreement and the transaction contemplated thereunder.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among others, information in relation to the Provisional S&P Agreement and the transaction contemplated thereunder, is required to be despatched to the Shareholders for their information within 15 business days after the publication of this announcement. Since the Company requires additional time to prepare and finalise the necessary information for inclusion in the Circular, the Company has applied to the Stock Exchange to postpone the time for the despatch of the Circular. The Company will make further announcement after it has obtained the waiver from the Stock Exchange for delay in despatch of the Circular and the expected date of despatch of the Circular is confirmed.

Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of the conditions precedent. Therefore, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

THE DISPOSAL

The Board announces that on 12 March 2020 (after trading hours), the Vendor, an indirect wholly owned subsidiary of the Company, the Purchaser and the Property Agent, both being Independent Third Parties, entered into the Provisional S&P Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property at the Consideration of HK\$94,800,000. The Property shall be disposed of to the Purchaser on an "as is" basis. Major terms of the Provisional S&P Agreement are set out below.

The Provisional S&P Agreement

- Date** : 12 March 2020 (after trading hours)
- Parties** : (1) Fortune Gaining Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, as vendor;
- (2) The Purchaser, as purchaser; and
- (3) The Property Agent.

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

- Subject matter** : Flat A on 20th Floor, Broadview Villa, No. 20 Broadview Road, Happy Valley, Hong Kong
- Consideration** : HK\$94,800,000
- Stamp duty** : Ad valorem stamp duty shall be borne by the Purchaser, while special stamp duty (if any) shall be borne by the Vendor

Formal agreement

The Vendor and the Purchaser will enter into the Formal Agreement on or before 26 March 2020.

The Property will be sold with vacant possession and on "as is" basis.

Consideration

The Consideration of HK\$94,800,000 was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the prevailing market price of properties in the same building and similar properties in nearby location. The Directors have obtained estimated market price of the Property from a commercial bank in Hong Kong prior to signing of the Provisional S&P Agreement.

The Consideration shall be paid by the Purchaser by way of cash in the following manner:

- (a) an initial deposit of HK\$4,740,000, representing 5% of the Consideration, upon signing the Provisional S&P Agreement;
- (b) a further deposit of HK\$4,740,000, representing 5% of the Consideration, on or before 26 March 2020; and
- (c) HK\$85,320,000, representing the remaining balance of the Consideration, upon Completion.

The Directors believe that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon (i) approval of the Disposal by the Shareholders having been obtained; and (ii) all requirements imposed by the Stock Exchange under the Listing Rules or otherwise in connection with the transaction contemplated by the Provisional S&P Agreement having been fully complied with.

If any of the foregoing conditions is not fulfilled on or before the Completion Date, the Purchaser has the option (the "Option") to extend the Completion Date by 30 days. If the Purchaser (i) does not exercise the Option; or (ii) has exercised the Option but the foregoing conditions are not fulfilled within 30 days after the original Completion Date, the Purchaser shall be entitled to cancel the transaction under the Provisional S&P Agreement whereupon the Vendor shall, within three days after the cancellation of the Disposal, return to the Purchaser all the deposit paid under the Provisional S&P Agreement without interest or compensation, and neither party shall have any claim whatsoever against the other.

Completion

Completion shall take place on or before 18 May 2020 (or 30 days after 18 May 2020, should the Purchaser exercise the Option).

Other

If mandatory quarantine be imposed on either the Vendor or the Purchaser or their respective solicitors or the business of either of their solicitors is suspended due to government actions against the novel infection disease, the date of payment of further deposit, the date of signing of the Formal Agreement and the Completion Date (as the case may be) shall be deferred to the 7th working day after the mandatory quarantine is ended or business of the solicitors is resumed (whichever is the later).

INFORMATION ABOUT THE ASSET TO BE DISPOSED OF

The Property is a residential property, which is located at Flat A on 20th Floor, Broadview Villa, No. 20 Broadwood Road, Happy Valley, Hong Kong.

As at the date of this announcement and immediately before Completion, the Property is wholly-owned by the Group.

The Property has been vacant since 1 May 2018. The Property was rented out for the year ended 31 December 2017 and for the period from 1 January 2018 to 30 April 2018, and the Property generated rental income of approximately HK\$1.9 million and HK\$0.7 million for the year ended 31 December 2017 and for the period from 1 January 2018 to 30 April 2018, respectively. Set out below are the net profits (both before and after taxation and extraordinary items) attributable to the Property for the two years ended 31 December 2018:

	For the year ended 31 December	
	2017	2018
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Profit/(Loss) before taxation and extraordinary items	862	(682)
Profit after taxation and extraordinary items	801	7,451

The carrying value of the Property as at 31 December 2018, as shown in the audited financial statements of the Vendor for the year ended 31 December 2018 was approximately HK\$92.5 million.

FINANCIAL EFFECT OF THE DISPOSAL

The Group expects to record a gain of approximately HK\$1.3 million (after deducting relevant transaction costs of approximately HK\$1.0 million for the Disposal, and subject to adjustment and audit) from the Disposal. This amount is calculated based on the difference between the net consideration of the Disposal (after deducting the related transaction costs) and the carrying value of the Property as at 31 December 2018, which is expected to accrue to the Group upon Completion. The actual gain or loss to be recorded by the Company can only be ascertained when the net book values of the Property and the incidental transaction costs are determined upon Completion and will be subject to audit.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the sale of health-care products and electronic components and international trading. The Company has been actively exploring various healthcare related projects and other potential business.

Since the Property has been vacant for a period of time, the Directors believe that the Disposal provides a good opportunity for the Group to realise its investment in the Property and will enhance the cash flows of the Group. As it is intended that the sales proceeds of the Disposal will be used as general working capital of the Group, the Directors are of the view that 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 the 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.

INFORMATION ON THE VENDOR, THE COMPANY, THE GROUP AND THE PURCHASER

The Vendor is an indirect wholly-owned subsidiary of the Company and is principally engaged in property investment.

The Company is an investment holding company. The Group is principally engaged in the sale of health-care products and electronic components and international trading.

The Purchaser is an individual and is an Independent Third Party

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposals are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to approve the Provisional S&P Agreement and the transaction contemplated thereunder if the Company were to convene a general meeting for such approval. Explorer Rosy, being the controlling Shareholder holding 892,485,771 Shares (representing approximately 52.72% of the issued share capital of the Company as at the date of this announcement), has given its written approval for the Provisional S&P Agreement and the transaction contemplated thereunder, and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened for the purpose of approving the Provisional S&P Agreement and the transaction contemplated thereunder.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among others, information in relation to the Provisional S&P Agreement and the transaction contemplated thereunder, is required to be despatched to the Shareholders for their information within 15 business days after the publication of this announcement. Since the Company requires additional time to prepare and finalise the necessary information for inclusion in the Circular, the Company has applied to the Stock Exchange to postpone the time for the despatch of the Circular. The Company will make further announcement after it has obtained the waiver from the Stock Exchange for delay in despatch of the Circular and the expected date of despatch of the Circular is confirmed.

Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of the conditions precedent. Therefore, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

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

“Board”	the board of Directors
“Circular”	the circular to be despatched by the Company and containing, among others, information in relation to the Provisional S&P Agreement and the transaction contemplated thereunder
“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”	the date of Completion, being on or before 18 May 2020 (or 30 days after 18 May 2020, should the Purchaser exercise the Option)
“Consideration”	the consideration in the amount of HK\$94,800,000, being the consideration for the Disposal
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules

“Directors”	the directors of the Company
“Disposal”	the disposal of the Property, subject to the terms and conditions of the Provisional S&P Agreement
“Explorer Rosy”	Explorer Rosy Limited, being the controlling Shareholder, holding 892,485,771 Shares (representing approximately 52.72% of the issued share capital of the Company as at the date of this announcement
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Vendor and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries
“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(ies)”	third party(ies) 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
“Property”	Flat A on 20th Floor, Broadview Villa, No. 20 Broadwood Road, Happy Valley, Hong Kong
“Property Agent”	Centaline Property Agency Limited
“Provisional S&P Agreement”	the provisional sale and purchase agreement dated 12 March 2020 and entered into between the Vendor, the Purchaser and the Property Agent in relation to the Disposal
“Purchaser”	an individual and an Independent Third Party
“Share(s)”	ordinary shares in the issued share capital of the Company
“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”	Fortune Gaining Limited, a company incorporated in the Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
Qianhai Health Holdings Limited
Huang Guanchao
Chairman

Hong Kong, 12 March 2020

As at the date of this announcement, the non-executive Directors are Mr. Huang Guanchao and Mr. Lim Tzea; the executive Directors are Mr. Xu Keli and Mr. Lam Hin Chi and the independent non-executive Directors are Mr. Li Wei, Mr. Wu Wai Leung Danny and Mr. Yuen Chee Lap Carl.