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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)

**(1) MAJOR TRANSACTION  
IN RELATION TO THE DISPOSAL OF  
100% EQUITY INTEREST IN TARGET COMPANY;  
(2) BREACH OF LISTING RULES; AND  
(3) POSSIBLE DISCLOSEABLE TRANSACTION  
RELATING TO THE PROVISION OF THE LOAN**

**THE DISPOSAL**

On 6 January 2021, the Vendor, a direct wholly owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of RMB110,000,000 (equivalent to approximately HK\$132,530,000) in cash.

Upon the transfer of shareholding in the Target Company, the Target Company, QHIL and Zhejiang Huijun would cease to be subsidiaries of the Company, and their financial statements would cease to be consolidated into the Group's financial statements. The Group accounted for Zhongan Huijun as an investment in a joint venture using the equity method in its consolidated financial statements under applicable financial reporting standards. Therefore, upon the transfer of shareholding in the Target Company, the Group would no longer hold any equity interest in Zhongan Huijun, and its performance would not be reflected in the share of results of joint venture of the Company.

## **THE LOAN**

Prior to the entering into of the Agreement and as at the date of this announcement, the Target Group was indebted to the Group (excluding the Target Group) the Loan, amounting RMB30.0 million (equivalent to approximately HK\$36,145,000).

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios under the Listing Rules in respect of the transactions contemplated under the Agreement exceed 25%, but less than 75%, the entering into of the Agreement constitutes a major transaction for the Company and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

Subject to and upon the transfer of shareholding in the Target Company, members of the Target Group would cease to be the Company's subsidiaries. Thus, the Loan would no longer be an intra-group loan for the Group. As one or more of the applicable percentage ratios under the Listing Rules in respect of the Loan exceed 5%, but less than 25%, the Loan will constitute a discloseable transaction for the Company upon the transfer of shareholding in the Target Company becoming effective and is therefore subject to reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting for approving the Agreement. 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 Disposal, 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 Disposal.

A circular containing, among others, information in relation to the Disposal will be despatched to the Shareholders for their information on or before 8 September 2021.

## **REASONS FOR THE BREACH OF THE LISTING RULES**

The Disposal is a major transaction for the Company under Chapter 14 of the Listing Rules. Therefore, the failure by the Company to report, announce and issue circular in relation to the details of the Disposal and to seek Shareholders' approval constituted a breach of the Listing Rules.

The Directors explained that the Non-Compliance was due to Mr. Huang's inadvertent failure to timely notify the Company the entering into of the Agreement at the relevant time. The Company was not notified of the entering into the Agreement in January 2021, and hence the Board was not aware of the Non-Compliance until after the receipt of partial payment of the Consideration in August 2021. Accordingly, the Non-Compliance was inadvertent and unintentional.

## **THE DISPOSAL**

The Board hereby announced that, on 6 January 2021, the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of RMB110,000,000 (equivalent to approximately HK\$132,530,000) in cash.

The principal terms of the Agreement are set out below:

**Date:** 6 January 2021

**Parties:** the Purchaser; and  
the Vendor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

### **Subject matter**

Pursuant to the Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares, which represented the entire issued share capital of the Target Company.

The Target Company is a limited liability company, which was incorporated in the British Virgin Islands. The Target Company has an issued and paid-up share capital of US\$100, comprising 100 ordinary shares of US\$1.00 each, which are beneficially owned by the Vendor, a directly wholly owned subsidiary of the Company.

### **Consideration**

The Consideration was RMB110,000,000 (equivalent to approximately HK\$132,530,000). The Consideration shall be payable by the Purchaser to the Vendor in cash in the following manner:

- (i) a sum of not less than RMB30,000,000 (equivalent to approximately HK\$36,145,000) on or before 31 August 2021; and

(ii) the remaining amount of the Consideration on or before 31 December 2021.

The Consideration was determined based on arm's length negotiation between the Purchaser and the Vendor, with reference to, among others, (i) the then carrying value of the Group's share of net assets of Zhongan Huijun; (ii) the financial position of the Target Group as set out under the sub-section headed "Financial information of the Target Group" below; and (iii) the information set out under the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE LOAN" below. The Directors consider that the Consideration is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

### **Other matters**

Upon signing of the Agreement, the Vendor shall no longer (i) bear any of its capital investment responsibilities and any other types of losses and legal liabilities of the Target Group; and (ii) share the profits of the Target Group.

As at the date of this announcement, the transfer of shareholding in the Target Company has not been transferred.

### **THE LOAN**

Prior to the entering into of the Agreement and as at the date of this announcement, the Target Group was indebted to the Group (excluding the Target Group) the Loan. Details of the Loan are set out below:

Amount: RMB30.0 million (equivalent to approximately HK\$36,145,000)

Interest rate: 0.33% per annum

Repayment terms: The Loan, together with the interest incurred, shall be fully repaid by the Target Group to the Group (excluding the Target Group) by 24 September 2023.

The terms of the Loan (together with the applicable interest rate) were determined after arm's length negotiations between parties and after making reference to the prevailing market rates.

## **INFORMATION OF THE VENDOR, THE COMPANY, THE GROUP AND THE PURCHASER**

The Vendor is a direct wholly owned subsidiary of the Company and is principally engaged in investment holding.

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 a company established in the PRC with limited liability. Ding Jie (丁杰) and Han Xu (韓旭) holds 95% and 5% of the equity interests in the Purchaser respectively. The Purchaser is principally engaged in wholesale of agricultural products and tourism. Mr. Ding Jie and Mr. Han Xu are merchants in the PRC. The Purchaser and its ultimate beneficial owners are Independent Third Parties.

## **INFORMATION ON THE ASSETS TO BE DISPOSED OF**

### **Information on the Target Company, its subsidiaries and joint venture**

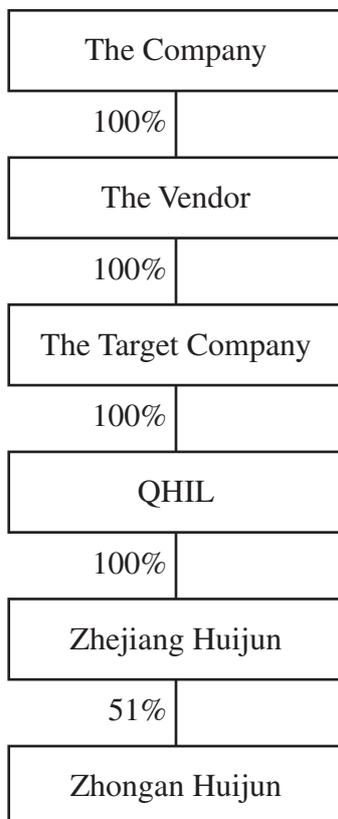
The Target Company is a limited liability company incorporated under the laws of the British Virgin Islands in which the Company owns 100% of the entire issued capital through the Vendor as at the date of this announcement. The Target Company is an investment holding company and holds the entire issued capital of QHIL as at the date of this announcement.

QHIL is a limited liability company incorporated under the laws of Hong Kong which is wholly owned by the Target Company as at the date of this announcement. QHIL is an investment holding company and holds 100% equity interests in Zhejiang Huijun as at the date of this announcement.

Zhejiang Huijun is a limited liability company established under the laws of the PRC which is wholly owned by QHIL as at the date of this announcement. Zhejiang Huijun is an investment holding company and holds 51% equity interests in Zhongan Huijun, which is accounted for as a joint venture of the Company using the equity method as at the date of this announcement.

Zhongan Huijun is a limited liability company established in the PRC with a registered capital of RMB200,000,000 and a paid up capital of RMB118,000,000. The subscribed capital contribution is RMB102,000,000. Zhongan Huijun is engaged in joint development of a land parcel in Lin An District, Hangzhou City in China.

The shareholding structure of the Target Group immediately before the transfer of shareholding in the Target Company becoming effective is shown below:



### Financial information of the Target Group

Set out below is the financial information extracted from the unaudited consolidated management accounts of the Target Group for the two years ended 31 December 2020:

	<b>For the year ended 31 December 2019 HK'000 Approximately (unaudited)</b>	<b>For the year ended 31 December 2020 HK'000 Approximately (unaudited)</b>
Revenue	–	–
Net loss before tax	2,064	3,691
Net loss after tax	2,064	3,691

The unaudited consolidated net asset value of the Target Group as at 31 December 2020 amounted to approximately HK\$153,885,000.

## **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

Upon the transfer of shareholding in the Target Company, the Target Company, QHIL and Zhejiang Huijun would cease to be subsidiaries of the Company, and their financial statements would cease to be consolidated into the Group's financial statements. The Group accounted for Zhongan Huijun as an investment in a joint venture using the equity method in its consolidated financial statements under applicable financial reporting standards. Therefore, upon the transfer of shareholding in the Target Company, the Group would no longer hold any equity interest in Zhongan Huijun, and its performance would no longer be reflected in the share of results of a joint venture of the Company.

After deducting the estimated expenses attributable to the Disposal of approximately HK\$1,000,000, subject to adjustment and audit, it is estimated that the Group will record a gain of approximately HK\$13,789,000 from the Disposal. Such gain is calculated based on the difference between (i) the net proceeds of HK\$131,530,000; and (ii) the adjusted audited consolidated net asset value of the Target Group as at 31 December 2020 (i.e. approximately HK\$153,885,000), and the addition of the Loan. Shareholders should note that the actual amount of the gain or loss on the Disposal can only be ascertained when the consolidated net asset of the Target Group and the incidental transaction costs are determined upon the transfer of shareholding in the Target Company becoming effective. Therefore the actual amount of the gain or loss on the Disposal will be subject to audit and may be different from the amount mentioned above.

It is currently intended that the net proceeds from the Disposal will be used as to (i) HK\$50,000,000 for purchase of stock; (ii) HK\$30,000,000 for repayment of trade payables and bank borrowings; and (iii) HK\$51,530,000 as general working capital and other future business opportunities of the Group, so as to optimize the overall development strategy of the Group with a focus on its core businesses.

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

As stated in the annual report of the Company for the year ended 31 December 2020, the core businesses of the Group are the sale of health-care products and the sale of electronic component products. As at the date of the Agreement, the Resort was still in development phase and further capital investment was required from the Group. To (i) avoid having to make any further investment into a non-core business; (ii) concentrate the resources on its core businesses in the most efficient way; and (iii) further enhance the return of assets brought by the core businesses, the Company had been seeking for suitable opportunities to reduce its investments in businesses of the Target Group, at an appropriate consideration. The Disposal represents a divestment of a non-core business of the Group and will allow the Group to focus on its core businesses.

The Directors consider that the Disposal is in line with the Group's strategy to focus on its core businesses. Having considered the financial performance of the Target Group for the two years ended 31 December 2020, the Target Group had incurred a loss for developing the Resort for the two years ended 31 December 2020. The Directors consider the Disposal will allow the Group to dispose of the least performing non-core business of the Group and to make use of its cash position to invest in more profitable businesses.

Based on the assessment set out in the paragraph headed "FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS" above, the Company considers that the Disposal provides a good opportunity for the Group to realize its interest in the Resort, so as to enable the Group to reallocate more financial resources on future potential investment opportunities of the Group.

Further, the Loan already subsisted prior to the entering of the Agreement. The Directors have made reference to the interest rate of the Loan as well as the market practice and are of the view that the repayment arrangement as disclosed above will enable the Group (excluding the Target Group) to gain interest income from the Loan without compromising the Group's risk exposure. The Directors also consider that repayment of the Loan in cash will provide the Group with liquid assets for operations and thus are in the interests of the Company and the Shareholders as a whole.

Taking into account of the above factors, the Directors (including the independent non-executive Directors) believe the entering into the Agreement is not in the ordinary and usual course of business of the Group, but consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable and that the Disposal is in the interests of the Company and its Shareholders as a whole.

In addition, the Directors (including the independent non-executive Directors) are of the view that the provision of the Loan is not in the ordinary and usual course of business of the Group, but the terms thereof are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

As none of the Directors are considered to have material interests in the Disposal, no Directors have abstained from voting on the Board resolutions approving the (i) rectification of the Agreement and the transaction contemplated thereunder; and (ii) the Loan.

## **IMPLICATIONS OF THE LISTING RULES**

As one or more of the applicable percentage ratios under the Listing Rules in respect of the transactions contemplated under the Agreement exceed 25%, but less than 75%, the entering into of the Agreement constitutes a major transaction for the Company and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

Subject to and upon the transfer of shareholding in the Target Company, members of the Target Group would cease to be the Company's subsidiaries. Thus, the Loan would no longer be an intra-group loan for the Group. As one or more of the applicable percentage ratios under the Listing Rules in respect of the Loan exceed 5%, but less than 25%, the Loan would constitute a discloseable transaction for the Company upon the transfer of shareholding in the Target Company becoming effective and is therefore subject to reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting for approving the Agreement. 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 Disposal, 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 Disposal.

A circular containing, among others, information in relation to the Disposal will be despatched to the Shareholders for their information on or before 8 September 2021.

## **REASONS FOR THE BREACH OF THE LISTING RULES**

The Disposal is a major transaction for the Company under Chapter 14 of the Listing Rules. Therefore, the failure by the Company to report, announce and issue circular in relation to the details of the Disposal and to seek Shareholders' approval constituted a breach of the Listing Rules.

The Directors explained that the Non-Compliance was due to Mr. Huang's inadvertent failure to timely notify the Company the entering into of the Agreement at the relevant time. The Company was not notified of the entering into the Agreement in January 2021, and hence the Board was not aware of the Non-Compliance until after the receipt of partial payment of the Consideration in August 2021. The board was informed by Mr. Huang on the evening of 17 August 2021 and was provided with relevant documents regarding the Disposal on 18 August 2021 and took immediate actions to rectify the Non-Compliance. Accordingly, the Non-Compliance was inadvertent and unintentional.

## **REMEDIAL ACTIONS**

The Company deeply regrets for the Non-Compliance and the Company would like to stress that the Non-Compliance was inadvertent and unintentional and the Company had no intention to withhold any information relating to the Disposal.

In order to prevent the occurrence of similar non-compliance incidents in the future and to comply with the requirements under the Listing Rules on an on-going basis, the Company will (i) arrange regular training on regulatory compliance matters relating to notifiable transactions to the Directors, senior management and responsible staff to ensure that they fully understand the requirements of the Listing Rules; and (ii) discuss and review its internal control and compliance system to identify any weakness and consider further remedial actions to address them.

The Company would like to stress that the Company will use its best endeavours to carry out necessary measures and appropriate actions to ensure the full compliance with the Listing Rules on an on-going basis.

**Shareholders of the Company and potential investors are urged to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Agreement”	the sale and purchase agreement dated 6 January 2021 and entered into between the Vendor and the Purchaser for the sale and purchase of the Sales Shares
“Board”	the board of Directors
“Company”	Qianhai Health Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on Main Board of the Stock Exchange (stock code: 0911)
“Consideration”	the total consideration in the sum of RMB110,000,000 (equivalent to approximately HK\$132,530,000) payable by the Purchaser to the Vendor for the Disposal under the Agreement
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares pursuant to the 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)
“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 PRC
“Independent Third Party(ies)”	third parties independent of and not connected (within the meaning of the Listing Rules) with the Company and its connected persons (within the meaning of the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the existing intra-group loan between the Group (excluding the Target Group) and the Target Group amounting to RMB30,000,000 (equivalent to approximately HK\$36,145,000)
“Mr. Huang”	Mr. Huang Guanchao, the Chairman of the Board and executive Director
“Non-Compliance”	the failure of the Company to report, announce and issue circular in relation to the details of the Disposal and to seek Shareholders’ approval
“Purchaser”	南樑(深圳)農業科技實業有限公司(Nan Liang (Shenzhen) Agricultural Technology Industry Co., Ltd.*), a company established in the PRC with limited liability, an Independent Third Party
“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)
“QHIL”	Qianhai Health Investment Limited (前海健康投資有限公司), a company incorporated in Hong Kong with limited liability, a wholly owned subsidiary of the Target Company and holds 100% equity interests in Zhejiang Huijun

“Resort”	hotspring hotel resort and hotel facilities located at No. 188, Tuan Quan Street, Lin An District, Hangzhou City, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the entire issued share capital of the Target Company
“Share(s)”	ordinary shares in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Top Nova Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of the Vendor and holds 100% the issued share capital of QHIL
“Target Group”	the Target Company and its subsidiaries
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vendor”	QHH Limited, a company incorporated in the British Virgin Islands with limited liability, a direct wholly owned subsidiary of the Company
“Zhejiang Huijun”	Zhejiang Huijun Investment Management Limited* (浙江匯尊投資管理有限公司), a company established in the PRC with limited liability, an indirect wholly owned subsidiary of QHIL and holds 51% equity interests in Zhongan Huijun
“Zhongan Huijun”	Hangzhou Tuankou Zhongan Huijun Hotspring Resort Limited* (杭州湍口眾安匯尊溫泉度假村有限公司), a company established in the PRC with limited liability and a company which 51% of its equity interest is held by Zhejiang Huijun and is accounted for as a joint venture of the Company under applicable financial reporting standard
“%”	per cent.

\* For identification purposes only

*In this announcement, translation of RMB into HK\$ is based on the exchange rate of HK\$1:RMB0.83.*

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

Hong Kong, 18 August 2021

*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.*