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北京健康(控股)有限公司
Beijing Health (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2389)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF MINORITY INTEREST
IN A NON-WHOLLY OWNED SUBSIDIARY**

EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on 1 December 2023, the Purchaser and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the 12.7637% equity interest in Lugang International, a non-wholly owned subsidiary of the Company, at a total consideration of RMB48,000,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Equity Transfer Agreement exceed 5% but are less than 25%, the acquisition contemplated under the Equity Transfer Agreement constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Vendor is considered a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of the Target Company, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) the Vendor is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Equity Transfer Agreement are entered into on normal commercial terms; and (iii) the Board (including independent non-executive Directors) have approved the Equity Transfer Agreement and the transactions contemplated thereunder, and confirmed that such transactions are entered into on normal commercial terms, are fair and reasonable and are in the interest of the Company and shareholders as a whole, the transactions contemplated under the Equity Transfer Agreement are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, no other Director has a material interest in the Acquisition and was required to abstain from voting on the relevant Board resolutions approving the Acquisition in accordance with the Articles of Association of the Company.

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EQUITY TRANSFER AGREEMENT

Date : 1 December 2023

Parties : (1) Beijing Zhongcheng-Hulian Investment Consulting Limited (北京眾成互聯投資諮詢有限公司), an indirect wholly-owned subsidiary of the Company (as Purchaser); and

(2) Beijing Zhengsheng Joint Investment Management Limited* (北京正勝合投資管理有限公司), a substantial shareholder of the Target Company (as Vendor).

Subject matter

Pursuant to the Equity Transfer Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to acquire the Target Equity at a consideration, being the 12.7637% equity interest in of the Target Company.

Consideration and payment terms

The consideration of RMB48,000,000 for the Acquisition shall be paid in the following manner:

1. the Purchaser shall pay 50% of the consideration for the equity transfer (i.e. RMB 24,000,000 (approximately HK\$26,160,000)) as the first equity transfer payment to Party A within 3 working days after the signing of this agreement; and
2. the Purchaser shall pay 50% of the consideration for the equity transfer (i.e. RMB 24,000,000 (approximately HK\$26,160,000)) within 3 working days after the completion of the change of business registration in which the Target Equity is transferred from the Vendor to the Purchaser and the directors and supervisors appointed by the Vendor become the personnels appointed by the Purchaser, subject to the date on which the Target Company obtains the newly issued business license.

The consideration will be funded by the internal resources of the Group.

Basis of consideration

The consideration was determined by the parties to the Equity Transfer Agreement after arm's length negotiation with reference to, among other things, (i) the preliminary indicative fair value of the land and properties held by the Target Company of approximately RMB388,000,000 (equivalent to approximately HK\$422,920,000), as assessed by the independent valuer appointed by the Group; (ii) the unaudited consolidated net asset value of the Target Company attributable to the shareholders of the Target Company of approximately RMB84,026,000 (excluding the increase in fair value of the land and properties of RMB339,607,000 mentioned in (i)) as at 31 October 2023; and (iii) the 11% discount of the net asset value of the Target Company given by the Vendor to the Purchaser based on the current market conditions (after taking into account the revaluation of the land and properties).

Completion

Completion of the Acquisition shall take place on the date on which all the amounts payable by the Purchaser under the Equity Transfer Agreement are paid in full. Upon the Completion of the Acquisition, the Target Company will remain an indirect non-wholly owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board is of the view that the acquisition of minority interest from the Vendor will further consolidate the Group's control over the Target Company, thereby simplifying the decision-making process and enabling us to implement strategic plans that are consistent with our business objectives in a timely manner. The reasonable cost of the Acquisition and the considerable discount offered by the Vendor to the Purchaser have provided a good opportunity for the Group to increase its holdings of properties in Beijing, a top-tier city in China. Meanwhile, after the Completion of the Acquisition, the Company's equity interest in the Target Company will increase from 82.2363% to 95%. In addition, the Shareholders will be rewarded by more financial benefits generated by the future development of the Target Company.

Based on the above, the Directors (including independent non-executive Directors) believe that the Acquisition was entered into in the usual and ordinary course of business of the Company on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and Shareholders as a whole.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is an investment holding company while the Group is principally engaged in the provision of medical care, health care and geriatric care related services and products.

INFORMATION OF THE TARGET COMPANY

The Target Company is a non-wholly owned subsidiary of the Company and was incorporated in the People's Republic of China. It mainly engages in property development business. The Target Company mainly holds two pieces of adjacent industrial land located in Beijing with a total area of 87,607 square metres.

The following sets out the unaudited financial information of the Target Company for the years ended 31 December 2021 and 2022, which are prepared in accordance with Hong Kong Financial Reporting Standards:

| | 2021 <i>(RMB'000)</i> (unaudited) | 2022 <i>(RMB'000)</i> (unaudited) |
|--------------------------|---|---|
| Net Loss before taxation | 19,690 | 11,229 |
| Net Loss after taxation | 19,690 | 11,229 |

As at 31 October 2023, the unaudited consolidated net asset value of the Target Company attributable to the shareholders of the Target Company was approximately RMB84,026,000 (excluding the increase in fair value of the land and properties held of approximately RMB339,607,000 as assessed by an independent valuer appointed by the Group).

12.7367% equity interest in the Target Company was acquired by the Vendor on 2 April 2017 at the original acquisition cost of RMB160,000,000.

INFORMATION OF THE PURCHASER

The Purchaser is a wholly-owned subsidiary of the Company and is incorporated in the People's Republic of China. It mainly engages in investment holding business.

INFORMATION OF THE VENDOR

The Vendor, a company incorporated in the People's Republic of China and holds 12.7637% equity interest in the Target Company, is a connected person of the Company at the subsidiary level. It mainly engages in real estate investment business. The equity interest in the Vendor is ultimately beneficially held by Mr. Kou Hongbo and Mr. Zhang Han as to 90% and 10%, respectively. Except for their direct/indirect interests in the Target Equity before closing, each of the Vendor and the above-mentioned shareholder of the Vendor is a third party independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Equity Transfer Agreement exceed 5% but are less than 25%, the acquisition contemplated under the Equity Transfer Agreement constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Vendor is considered a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of the Target Company, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) the Vendor is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Equity Transfer Agreement are entered into on normal commercial terms; and (iii) the Board (including independent non-executive Directors) have approved the Equity Transfer Agreement and the transactions contemplated thereunder, and confirmed that such transactions are entered into on normal commercial terms, are fair and reasonable and are in the interest of the Company and shareholders as a whole, the transactions contemplated under the Equity Transfer Agreement are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, no other Director has a material interest in the Acquisition and was required to abstain from voting on the relevant Board resolutions approving the Acquisition in accordance with the Articles of Association of the Company.

DEFINITIONS

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| “Acquisition” | the acquisition of Sale Shares in accordance with the Equity Transfer Agreement |
| “Board” | the board of Directors of the Company |
| “Company” | Beijing Health (Holdings) Limited (北京健康(控股)有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2389) |
| “Completion” | completion of the Acquisition in accordance with the terms of the Equity Transfer Agreement |
| “Completion Date” | the date on which the Completion of the Acquisition took place in accordance with the Equity Transfer Agreement |
| “connected person” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Equity Transfer Agreement” | the Equity Transfer Agreement dated 1 December 2023 entered into by the Purchaser and the Vendor |
| “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 |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Purchaser” | Beijing Zhongcheng-Hulian Investment Consulting Limited* (北京眾成互聯投資諮詢有限公司), an indirect wholly-owned subsidiary of the Company and a company incorporated in the People’s Republic of China |

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| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Target Company” or “Lugang International” | Beijing Lugang International Logistics Co., Ltd.* (北京陸港國際物流有限公司), a limited liability company incorporated in China and a non-wholly owned subsidiary of the Company and is owned as to 82.2363% and 12.7367% by the Purchaser and the Vendor, respectively, as at the date of this announcement |
| “Target Equity” | the 12.7367% equity interest in the Target Company which the Vendor agreed to sell and the Company agreed to acquire pursuant to the Equity Transfer Agreement |
| “Vendor” | Beijing Zhengsheng Joint Investment Management Limited* (北京正勝合投資管理有限公司), a company incorporated in the People’s Republic of China |
| “%” | per cent. |

For the purpose of this announcement, the exchange rate of RMB1.00 = HK\$1.09 has been used for currency translation and illustration purpose only. Such exchange rate does not constitute a representation that any amount in RMB and HK\$ could have been or may be converted at such rate or any other rate on the relevant dates.

By Order of the Board of
Beijing Health (Holdings) Limited
Zhu Shi Xing
Chairman

Hong Kong, 1 December 2023

As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Zhu Shi Xing, Mr. Liu Xue Heng, Mr. Gu Shan Chao, Mr. Siu Kin Wai, Mr. Hu Shiang Chi and Mr. Wang Zheng Chun and five independent non-executive Directors, namely Mr. Robert Winslow Koepf, Mr. Gary Zhao, Mr. Tse Man Kit, Keith, Mr. Wu Yong Xin and Mr. Zhang Yun Zhou.

* For identification purpose only