

**HEALTHBANK HOLDINGS LIMITED**  
(Company Registration No. 201334844E)  
(Incorporated in the Republic of Singapore)

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**PROPOSED ACQUISITION OF LIBRE HOSPITALITY LIMITED**

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The Board of Directors (the “**Board**” or the “**Directors**”) of HealthBank Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), refers to the Company’s announcement dated 1 November 2019 (the “**Earlier Announcement**”) in relation to the entry into a non-binding memorandum of understanding with Ms. Wang Meijia (the “**Vendor**”, and together with the Company, the “**Parties**” and each a “**Party**”).

## **1. INTRODUCTION**

Further to the Earlier Announcement, the Company wishes to announce that it has on 27 November 2019 entered into the sale and purchase agreement (the “**SPA**”) with the Vendor, pursuant to which, the Vendor agrees to sell to the Purchaser, and the Purchaser agrees to purchase from the Vendor, 90% of the Vendor’s interest in the entire and fully paid-up equity and share capital of Libre Hospitality Limited (“**LHL**”) (the “**Sale Shares**”), at a consideration of RMB 39,600,000 (the “**Consideration**”). LHL, through its wholly-owned subsidiary, Hainan Zhong Zhi Cultural Tourism Limited (海南众志文化旅游有限公司) (the “**WOFE**”, and together with LHL, the “**Target Group**”), holds 8% interests respectively in Hainan Fuda Construction Materials Co., Ltd (海南福达建材有限公司) (“**Hainan Fuda**”) and Hainan Fufa Plantations Co., Ltd (“**Hainan Fufa**”) (海南福发种植有限公司) (collectively, the “**Project Companies**”), who have jointly developed the Atlantis Garden Project (亚特兰蒂斯花园项目), a service apartment development project located in the west side of Qiongzhan Avenue, Jiangdong District, Haikou City, Hainan Province, People’s Republic of China (the “**Project**”) (the “**Proposed Acquisition**”). The Company has commissioned and completed both legal and financial due diligence on the Proposed Acquisition.

Upon completion of the Proposed Acquisition, LHL and the WOFE will become subsidiaries of the Company.

## **2. BACKGROUND TO THE PROPOSED ACQUISITION**

### **2.1. Information on the Vendor**

As disclosed in the Earlier Announcement, the Vendor is a business associate of the Group whom introduces business opportunities to the Group from time to time, including the Proposed Acquisition.

For avoidance of doubt, no introducer fee or commission paid or payable by the Group to the Vendor in relation to the Proposed Acquisition. The Vendor does not hold any shares in the Company and is not related to the Group, the directors, controlling shareholders and substantial shareholders of the Company, and their respective associates.

### **2.2. Information on LHL**

As disclosed in the Earlier Announcement, LHL is an investment holding company limited by shares incorporated in the Hong Kong Special Administrative Region (“**Hong Kong**”) of the People’s Republic of China (the “**PRC**”) and is principally engaged in the business of property

investment, solely through its investment in the WOFE currently. The Vendor is the sole shareholder and the sole director of LHL since its incorporation.

### **2.3. Information on the WOFE**

The WOFE is an investment holding company incorporated in the PRC and is classified as a wholly-owned foreign enterprise in the PRC as it is wholly-owned by LHL. It is principally engaged in the business of property investment, solely through its investment in the Project Companies currently. The legal representative of the WOFE is Jiang Longjiang.

### **2.4. Information on the Project Companies and the Project**

Hainan Fuda and Hainan Fufa are private companies limited by shares incorporated in Hainan Province of the PRC. Both Project Companies are principally engaged in the business of property development and management.

As at the date of this announcement, the WOFE holds 8% interests in the respective Project Companies and the remaining 92% interests in the respective Project Companies are held by third parties who are not related to the Group, the directors, controlling shareholders and substantial shareholders of the Company, and their respective associates.

Hainan Fuda and Hainan Fufa are the registered and beneficial owners of a piece of leasehold land held under 2 separate titles, namely Haikou City (2007) No. 006731 and Haikou City (2007) No. 006743 in the west side of Qionghshan Avenue, Jiangdong District, Haikou City, Hainan Province, measuring approximately 25,131 square metres, on which it is developing a service apartment development project known as “Atlantis Garden”. The Atlantis Garden Project is facing the Hainan Provincial Government building from the Nandu River and has a gross planned construction area of 66,908 square metres. It comprises of 280 units of residential apartments across 4 blocks of 15-storey residential buildings, 1 block of 3-storey commercial building with gross retail floor area of 2,852 square meters and one level of underground car parks in all abovementioned 5 buildings housing 478 car park bays. The Project is expected to be completed in the third quarter of 2020.

The project site is located in the downtown area of Haikou in Jiangdong District which is considered the center of the new Central Business District area, facing Hainan Provincial Government building from the river. It is 200 meters away from Nandu River and 3.5 kilometers from the east coast beach. According to the Chinese Government plan, Jiangdong District will be developed into a pilot area for Hainan International Free Trade Zone (“FTZ”).

As at the date of this announcement, the unaudited pro forma consolidated book value and net tangible asset value (“NTA”) of the Project Companies are the same at RMB 171.36 million.

### **2.5. Rationale of the Proposed Acquisition**

The Board is of the view that the Proposed Acquisition presents a good opportunity for the Company to tap into growth of the Chinese tourism and hospitality industries in Hainan Province, which is slated by the Chinese Government for development into an international tourism destination and the largest FTZ in the PRC, ultimately being for the benefit of and in the best interests of the Company and the Company’s shareholders.

The proposed acquisition also provides an opportunity for the Group to provide management services for Atlantis Project and foray into Hainan real estates and hospitality facilities management services which allow the Group to create recurring income sources from Hainan.

Meanwhile, the current policy of new house sales price cap temporarily set by the Chinese Government to prevent property boom due to the establishment of international FTZ, which has distorted the real market value of the local property market, and it is being gradually loosened. In fact, it is giving the Group an attractive opportunity to invest in the real estate market in the FTZ at the bottom level.

## **2.6. Valuation of the Project**

The Group has engaged an independent valuer, Hainan Licheng Land-Real Estate Appraisal Co., Ltd (海南立诚土地房地产评估有限公司) (the “**Independent Valuer**”), to perform independent valuation on the Project based on the relevant PRC national valuation standards, laws and regulations, as well as the PRC National Standard Code for Real Estate Appraisal (GB/T50291-2015), the PRC National Standard Basic Terminology Standards of Real Estate Appraisal (GB/T50899-2013) and the PRC National Standard Urban Land Evaluation Procedures (GB/T 18508-2014). The Independent Valuer is currently a member of the China Real Estate Valuers Association (CREVA) which is under the Ministry of Land and Resources of the PRC, and a member of the China Institute of Real Estate Appraisers and Agents (CIREA) which is under the Ministry of Housing and Urban-Rural Development.

Based on the valuation report dated 16 November 2019 (the “**Valuation Report**”) issued by the Independent Valuer, the current market value of the Project on an “as is” basis is RMB 690.33 million as at 27 October 2019. In arriving at the valuation, the Independent Valuer has adopted a combination of replacement cost method and residual method to value the Project, which are both common valuation methods for property development projects.

The replacement cost method is used to estimate the value of the Project based on the sum of the cost of land and cost of construction, less depreciation. The residual method is used to estimate the value of the Project based on the principle that the amount to be paid is equal to the difference between (i) the completed development value based on the existing sales price, and based on the highest and best use for the site and (ii) the total cost of all construction and building works required to carry out the development, including all ancillary costs such as transaction costs, professional fees, financing costs and an appropriate allowance for profit for the development.

## **2.7. Valuation of the Target Group**

After taking into account the market value of the Project, the pro forma revalued net asset value (“**RNAV**”) and the pro forma revalued NTA (“**RNTA**”) of the Target Group are approximately the same at RMB 46.93 million.

# **3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION**

## **3.1. Consideration**

The Consideration for the Sale Shares is RMB 39.60 million to be paid by internal resources.

The Consideration is at a 5.6% discount to the RNAV and the RNTA of the Target Group and was arrived at on a willing-buyer willing-seller basis after arm’s length negotiations, taking into

account the valuation on the Project conducted by the Independent Valuer appointed by the Group and accepted by the Vendor; and the Project's current status and future sale income.

### 3.2. Other Salient Terms

#### (i) Conditions Precedent

The completion of the Proposed Acquisition shall be conditional upon the following conditions having been fulfilled or waived ("**Conditions Precedent**"):

- a. the approvals of the Board of the Company, and the approval from the shareholders of the Company in a general meeting, if required, for the transactions contemplated by the SPA having been obtained;
- b. all necessary approvals and consents (whether governmental, corporate or otherwise and including from the SGX-ST) which are necessary or required to be obtained under any applicable laws and regulations (whether of Singapore, Hong Kong or the PRC) in respect of the transactions contemplated in the SPA, having been obtained on terms satisfactory to the Company, and such consents, approvals and waivers not having been amended or revoked before Completion (as defined below), and if such consents, approvals or waivers are granted subject to conditions, such conditions being acceptable to the Company;
- c. the receipt by the Company of, in form and substance satisfactory to it, original copies of the share certificates or the register of members of LHL and the WOFE (as the case may be), evidencing the title of LHL and the WOFE.

The Vendor and the Company each undertakes to use all reasonable endeavours to ensure that the Conditions Precedent are fulfilled as soon as reasonably practicable and in any event within 1 month from the date of execution of the SPA (the "**Long-stop Date**") or such other date as may be agreed by the Parties in writing.

If any of the Conditions Precedent is not fulfilled or waived by the relevant Party on or before the Long-stop Date and the time for the fulfilment thereof is not extended by the agreement of the Parties in writing, the SPA shall automatically terminate and none of the Parties shall have any claim of any nature whatsoever against any other Party under the SPA (save for, among others, rights and liabilities accrued prior to termination).

#### (ii) Completion

Completion of the Proposed Acquisition shall take place within 1 business day after the fulfilment and/or waiver of the Conditions Precedent or such other date as may be agreed in writing between the Parties ("**Completion**").

### 4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition on the Group set out below are purely for illustrative purposes only, and do not reflect the future financial position of the Group after completion of the Proposed Acquisition.

The financial effects have been prepared on a pro forma basis using the latest audited consolidated financial statements of the Group for the financial year ended 31 December ("**FY**") 2018 and assuming that: (i) expenses incurred in relation to the Proposed Acquisition are immaterial and disregarded; and (ii) no goodwill arising from the Proposed Acquisition as such

impact, if any, will be assessed at year end audit for the consolidated financial statements of FY2019.

#### 4.1. NTA per Share

The Proposed Acquisition is expected to have no impact on the NTA per share of the Group as at 31 December 2018, assuming that the Proposed Acquisition had been completed as at 31 December 2018.

#### 4.2. Loss per Share (“LPS”)

The Proposed Acquisition is expected to have no impact on the LPS of the Group, assuming that the Proposed Acquisition had been completed as at 1 January 2018.

### 5. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

Based on the latest announced unaudited consolidated financial statements of the Group for the half year ended 30 June 2019, the relative figures of the Proposed Acquisition as computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

|                                                                                                                                                                                                                                                                                                                                         | Relative Figures (%)          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <b>Rule 1006 (a)</b><br>The net asset value of the assets to be disposed of, compared with the Group's net asset value as at 30 June 2019. This basis is not applicable to an acquisition of assets.                                                                                                                                    | Not applicable                |
| <b>Rule 1006 (b)</b><br>The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits as at 30 June 2019.                                                                                                                                                                                   | Not applicable <sup>(1)</sup> |
| <b>Rule 1006 (c)</b><br>Aggregate value of consideration given or received, compared with the market capitalisation of the Company.                                                                                                                                                                                                     | 70.4 <sup>(2)</sup>           |
| <b>Rule 1006 (d)</b><br>The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.                                                                                                                                                   | Not applicable <sup>(3)</sup> |
| <b>Rule 1006 (e)</b><br>The aggregate volume of amount of proven and probable reserves to be acquired, compared with the aggregate of the Group's proven and probable reserves. This basis is only applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. | Not applicable                |

**Notes:**

- (1) Not applicable as there is no profit or loss recorded in the books of LHL and the WOFE since the incorporations of these companies, on 5 July 2018 and 18 October 2019 respectively, up to the date of this announcement and the financial results of the Project Companies will not be consolidated in the Group's financial statements and there will be no sharing of financial results from the Project Companies by the Group and the investment in the Project Companies are held as financial assets (i.e. unquoted investments) in the book of the WOFE and it will be fair valued through profit or loss in the financial statements of the Group for FY2019.
- (2) Computed based on the Consideration of RMB 39.60 million (or equivalent to S\$7.69 million based on the exchange rate of S\$ 1 : RMB 5.15) and the market capitalisation of the Company of S\$10.92 million is determined by multiplying 78 million ordinary shares in issue by the volume weighted average price of the shares of S\$0.14 per share on 26 November 2019, being the last full market day where the Company's shares were traded immediately preceding the date of the SPA on 27 November 2019.
- (3) Not applicable as there will be no issuance of equity securities by the Company in relation to the Proposed Acquisition.

Having regard to the above, as the only applicable relative figure computed based on Rule 1006(c) of the Catalist Rules exceeds 5% but does not exceed 75%, the Proposed Acquisition constitutes a "discloseable transaction" under Chapter 10 of the Catalist Rules.

**6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Other than through their respective shareholdings in the Company, none of the Directors and controlling shareholders of the Company, or their respective associates, has any interest (direct or indirect) in the Proposed Acquisition.

**7. SERVICE CONTRACTS WITH DIRECTORS**

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into in connection with the Proposed Acquisition.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the SPA and the Valuation Report are available for inspection during normal business hours at the Company's registered office at 80 Raffles Place, UOB Plaza 2, #11-20, Singapore 048624 for a period of 3 months from the date of this announcement.

**9. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in its proper form and context.

**BY ORDER OF THE BOARD**

Peng Fei  
Executive Director and Chief Executive Officer  
29 November 2019

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*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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