

HealthBank Holdings Limited

(Company Registration Number: 201334844E)

(Incorporated in the Republic of Singapore)

DISPOSAL OF AN INDIRECT SUBSIDIARY IN CHINA

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of HealthBank Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its 100%-owned subsidiary, Elite Management (Singapore) Pte. Ltd. (“**EMSPL**”), had on 30 October 2020, entered into a Sales and Purchase Agreement (“**SPA**”) to dispose of its entire equity interests in its 100%-owned subsidiary, Beijing Zhuoyue Tiancheng Business Management Co., Ltd. (“**ZYTC**” and together with its subsidiaries, “**ZYTC Group**”) to Ms Wang Pei Zhen (王培珍) (the “**Purchaser**”) at a nominal consideration of RMB1.00 (the “**Disposal**”) and the Purchaser will assume all liabilities obligations of ZYTC Group.

The Disposal will be effected from 30 October 2020 and ZYTC Group had ceased to be the subsidiary of the Group on the same day.

2. INFORMATION ON THE PURCHASER

Ms Wang Pei Zhen has more than 20 years of experience in tourism and hotel management and was introduced to the Group by BJST (as defined below) management team. The Purchaser is not related to the Group, the Company’s Directors, controlling shareholders and their respective associates, as well as the BJST management team.

3. INFORMATION ON ZYTC

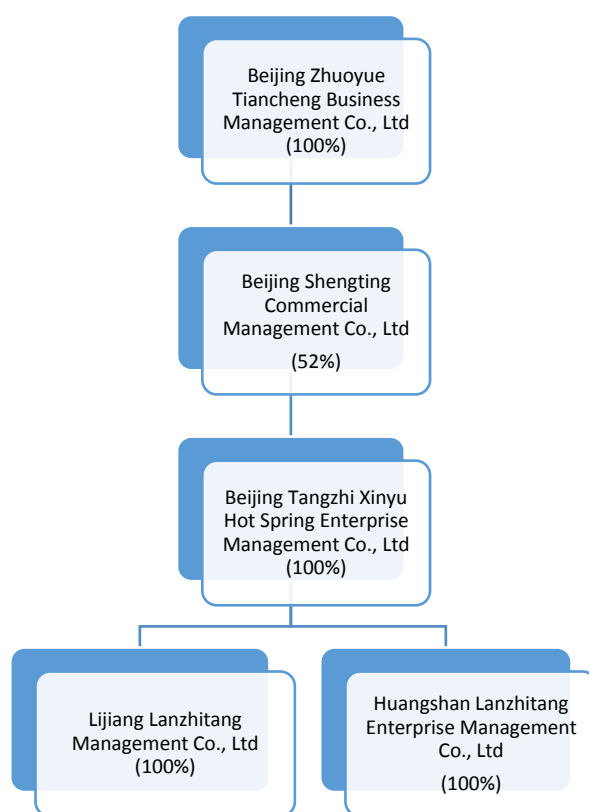
ZYTC is an investment holding company which holds 52% equity interest in Beijing Shengting Commercial Management Co., Ltd. (“**BJST**”) which in turn holds a group of entities in the business of property and hospitality management consultancy services. The remaining 48% equity interest in BJST is held by Mr Zhang Li who is not related to the Group, the Company’s Directors, controlling shareholders and their respective associates.

Please see below for the ZYTC Group’s structure as at the date of this announcement:

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The key financial information of ZYTC Group based on the pro forma unaudited consolidated financial statements of the ZYTC Group for the 6-month ended 30 June 2020 (“HY2020”), the key financial information of ZYTC Group is set out below:

- (a) negative book value and net tangible liabilities (“**NTL**”) amounted to RMB0.72 million as at 30 June 2020; and
- (b) net operating loss amounted to RMB2.46 million for HY2020.

The Board is of the view that the ZYTC Group is a service provider with no material tangible and intangible assets. In addition, the Board has also considered the recoverable investment amount from the ZYTC Group which the Management has assessed using the value-in-use method. Accordingly, the Board is of the view that no independent valuation on the ZYTC Group is required for the Disposal.

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4. RATIONALE OF THE DISPOSAL

With hotel business in China severely affected by the COVID-19 pandemic since early 2020 and continuing trade tension between the United States and China which started since July 2018 with no sign of easing, the global economic outlook and hotel business outlook remain no visibility certainty. The cross-border travel easing measures continue to be cautious as it is mainly for approved essential business travel while leisure travel is almost non-existent for most of international travelers.

As a result of the above, the ZYTC Group, being a service provider in the hospitality sector, had not been able to generate the expected amount of sales and cashflow to sustain the business and has recorded losses since the financial year ended 31 December 2019 (“FY2019”). It had contributed minimal operating cash inflow to the Group in the financial year ended 31 December 2018 (“FY2018”) and FY2019 and incurred operating cash outflow to the Group in HY2020. The Group has been providing financial support to the ZYTC Group since FY2018 and continuing financial support is required from the Company if the ZYTC Group is to carry on its business activities. The Board, having considered the resources of the Group, determined that it would be in the best interests of the Company and its shareholders to bring in a purchaser with the resources required to finance and gear up the ZYTC Group’s business activities to a profitable level.

The Disposal is an opportunity for the Company to divest a loss-making business that is draining the Group’s cash resources. The Board believes that the Disposal will improve the future financial prospects of the Group. The Disposal is intended to streamline the Group’s business for better utilization of available resources towards its new businesses in the residential sector in Hainan Province, China (“Hainan”) which has higher potential growth and with lower risk profile as explained in the Company’s announcement dated 18 September 2020. Such businesses are carried out through (i) its 90%-owned subsidiary, Libre Hospitality Limited, which invests in a service apartment development project, the Atlantis Garden Project in Hainan; and (ii) the new 51%-owned joint venture company, which will be providing management service business in real estate sector in Hainan in the near future.

5. SALIENT TERMS IN THE SPA

- 5.1. Pursuant to the terms of the SPA, EMSPL agrees to sell and the Purchaser agrees to purchase 100% equity interests in ZYTC for a nominal consideration of RMB1.00 (the “**Sale Consideration**”). The Sale Consideration shall be satisfied wholly in cash at completion (“**Completion**”).
- 5.2. The Sale Consideration was arrived at on a willing-buyer and willing-seller basis taking into consideration, among others, (a) the NTL of the ZYTC Group of RMB0.72 million as at 30 June 2020; (b) the net operating loss of RMB2.46 million for HY2020; (c) the ZYTC Group’s historical losses since FY2019; and (d) the future financial support and capital injection required to finance and gear up the ZYTC Group’s business activities to a profitable level.
- 5.3. Other salient terms
 - (i) The Purchaser agreed to pay the Sale Consideration of RMB1.00 upon signing of the SPA and to bear all the cost involved with Industrial and Commercial Bureau for change of shareholder, including but not limited to engaging intermediary agency for the change.
 - (ii) The effective date of equity interest transfer is the signing date of the SPA and not dependent on the actual completion date of the Industrial and Commercial Bureau change approval. Both parties agreed that the transfer of equity interest and all related assets, liabilities, legal obligations and rights shall be deemed to have been transferred to the Purchaser from the effective date of SPA.

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- (iii) Within 30 days after the signing of SPA, the Purchaser shall and EMSPL will assist, where applicable, to submit all documents required to Industrial and Commercial Bureau for the change of shareholder. Upon receiving approval of the change of shareholder from the Industrial and Commercial Bureau, the Purchaser shall provide proof of change of shareholder to EMSPL.

6. FINANCIAL EFFECTS OF THE DISPOSAL

The pro forma financial effects of the Disposal set out below, based on the Group's latest audited consolidated financial statements for FY2019, are purely for illustration purposes only and do not reflect the actual future financial position and performance of the Company or the Group after the completion of the Disposal. The financial effects as shown below are prepared on the assumption that the expenses in connection with the Disposal have been disregarded as they are immaterial.

6.1. Net tangible assets ("NTA") per share

The effect of the Disposal on the consolidated NTA per share of the Group as at 31 December 2019, assuming that the Disposal had been completed as at 31 December 2019 is as follows:

As at 31 December 2019	Before the Disposal	After the Disposal
NTA attributable to equity holders of the Company (RMB'000)	51,490	67,295
Number of issued shares (excluding treasury shares)	78,000	78,000
NTA per share (RMB)	0.66	0.86

6.2. Loss per share ("LPS")

The effect of the Disposal on the consolidated LPS of the Group for FY2019, assuming that the Disposal had been completed as at 1 January 2019 is as follows:

FY2019	Before the Disposal	After the Disposal
Loss attributable to equity holders of the Company (RMB'000)	(15,571)	(12,791)
Number of issued shares (excluding treasury shares)	78,000	78,000
LPS (RMB)	(0.20)	(0.16)

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7. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

Based on the latest announced unaudited consolidated financial statements of the Group for HY2020, the relative figures for the Disposal computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (the “Catalist Rules”) are as follows:

Rule 1006(a)	RMB'000
Unaudited net liabilities value of the ZYTC Group as at 30 June 2020	(719)
Group's unaudited net assets value as at 30 June 2020	69,149
Relative figure	(1.04)%
Rule 1006(b)	
Unaudited loss before tax of the ZYTC Group for HY2020	(2,465)
Group's unaudited loss before tax for HY2020	(14,590)
Relative figure	16.90%
Rule 1006(c)	
Sale Consideration	1.00
Market capitalisation of the Company on 2 January 2020 (being the last market day when the shares of the Company were traded before the date of the SPA)	10,764,000
Relative figure	<0.01%
Rule 1006(d)	
Number of consideration shares	Not applicable. There are no equity securities issued by the Company.
Number of shares in the Company in issue as at the date of this announcement	
Relative figure	
Rule 1006(e)	
Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable. The Company is not a mineral, oil and gas company.

The relative figures under Rules 1006(a) and 1006(b) of the Catalist Rules are negative, which may not give a meaningful indication of the significance of the Disposal to the Company. The Group is expected to record a gain on disposal of RMB0.50 million. Accordingly, the Disposal falls under the scenarios provided for in Paragraph 4.4(c) and Paragraph 4.4(e) of Practice Note 10A of the Catalist Rules and the Disposal constitutes a “discloseable” transaction.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Company's Directors, controlling shareholders and their respective associates has any interest, direct or indirect, in the Disposal (other than through their respective directorships and shareholding interests in the Company, if any).

9. SERVICE CONTRACTS WITH DIRECTORS

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

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10. FURTHER ANNOUNCEMENT

The Company will make further announcement upon receiving the proof of change of shareholder from the Purchaser as mentioned in paragraph 5.3(iii) above.

11. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection during normal office hours at the Company's registered office at 3 Temasek Avenue #34-17 Centennial Tower Singapore 039190 for a period of 3 months from the date of this announcement.

12. DIRECTOR'S 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 Disposal, 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
30 October 2020

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.

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: +65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.