HEALTHBANK HOLDINGS LIMITED
(Company Registration Number: 201334844E)
(Incorporated in the Republic of Singapore)

PROPOSED LOAN REDUCTION

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1. INTRODUCTION

The Board of Directors (the "**Board**") of Healthbank Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has, on 18 October 2024, entered into an agreement (the "**Loan Reduction Agreement**") for a loan reduction exercise (the "**Loan Reduction**") for loans granted by the Company to Hainan Fuda Construction Materials Co., Ltd (海南福达建材有限公司) ("**Fuda**"), pursuant to which the Company and Fuda have agreed to a final full and settlement amount of S$400,000 (equivalent to approximately RMB2,184,000) (the "**Settlement Amount**") in settlement of the aggregate outstanding principal of the loans owing by Fuda to the Company.

2. BACKGROUND

2.1 Fuda is a company incorporated in the People's Republic of China and is one of the companies carrying out the ongoing development of a residential development project (the "**Atlantis Garden Project**") in Haikou, Hainan Province, China ("**Hainan**"). The Company indirectly holds 8% of the equity interest in Fuda.

2.2 In December 2019 and January 2020, the Company granted loans (the "**Loans**") to Fuda, the principal amount of which aggregated to RMB14,000,000. To date, RMB2,655,622 of the Loans has been repaid by Fuda by payment to the Company and RMB5,200,000 has been repaid by Fuda by the payment of RMB5,200,000 on the Company's behalf in satisfaction of consideration payable by the Company for the acquisition of a 10% interest in the share capital of Libre Hospitality Limited by the Company on 31 December 2021. Please refer to the Company's announcement on 2 January 2022 for further details. Following such repayments, as at the date of this announcement, the aggregate outstanding principal of the Loans is RMB6,144,378 (the "**Outstanding Principal**"). Accordingly, based on the Loan Reduction Agreement, approximately RMB3,960,000 of the Outstanding Principal (equivalent to approximately 28% of the Loans) will be waived (such part being the "**Waived Portion of the Loans**").

2.3 Due to financial difficulties faced by Fuda, as described in section 3 below, the Company had previously granted Fuda an extension to the maturity date of the Loans such that the outstanding principal of Loans is to be fully repaid by Fuda by 1 July 2025. In addition, the Company had, following discussions with Fuda in August 2023, agreed to waive (i) the outstanding interest of RMB700,000 on the Loans for the period from 1 January 2020 to 31 December 2022 and (ii) Fuda's obligation to pay to the Company any interest under the Loans in respect of the period commencing 1 January 2023 and ending 1 July 2025.

3. RATIONALE

3.1 The intended Loan Reduction seeks to: (i) ensure the Company's prompt recovery of at least part of the Outstanding Principal in view of the uncertainty of recovering the entirety; (ii) balance the Company's interest in recovering its investment in the Atlantis Garden Project with its

interest in recovering the Outstanding Principal; and (iii) bring the Company's support for the Atlantis Garden Project in line with the financial support provided by other equity holders of Fuda.

3.2 Arising from the COVID-19 pandemic, the real estate industry in China has been subject to cooling measures and deleveraging policies implemented by the Chinese government, and the residual impact thereof. Compounded by the slowdown in the growth of China's economy, numerous real estate developers in China have been contending with challenges such as bank loan defaults, bond defaults, and various cash flow and financial issues. A significant portion of real estate developers in China is engaged in debt restructuring efforts as they endeavor to navigate through this challenging business environment. Sales of residential property under the Atlantis Garden Project have also encountered challenges since the onset of the COVID-19 pandemic.

3.3 In addition, on 6 September 2024, Hainan suffered the impact of Typhoon Capricorn, resulting in an estimated RMB80 billion in damages[1]. The infrastructure of developments constructed under the Atlantis Garden Project incurred substantial damage, necessitating comprehensive reconstruction efforts for the buildings and sales center developed. The reconstruction process is currently ongoing, and sales activities will be suspended until the developments have been sufficiently reconstructed. Even following the completion of the reconstruction work, the performance of sales under the Atlantis Garden Project will be subject to the then-prevailing industry conditions in China. The Company anticipates that China's economy may not recover very quickly over the next few years and in light of this, anticipates that sales of residential property under the Atlantis Garden Project will continue to be adversely affected, potentially worsening the financial position of Fuda and its equity holders (which include the Company). The Company has been informed in discussions with Fuda and its equity holders that such entities may not have the financial capacity to fulfill their monetary obligations in light of the economic circumstances, and the Company is wary that this may reduce the funding available to Fuda for the Atlantis Garden Project.

3.4 Following careful consideration of the above and Fuda's historical difficulty in making repayment (which has necessitated an extension of the maturity date of the Loans and waivers of interest payable as described at paragraph 2.3 above), and following discussions with Fuda, the Board is of the view that there is concern as to Fuda's continued ability to repay the Outstanding Principal. Accordingly, and after considering the terms of the Loan Reduction Agreement as set out in paragraph 4 below, the Board is of the view that the Loan Reduction is in the Company's best interest as it believes that: (i) the Loan Reduction would allow the Company to recover at least part of the Outstanding Principal prior to any further deterioration in the financial position of Fuda which may result in Fuda defaulting on the Loans or on an amount in excess of the Waived Portion of the Loans; (ii) waiving Fuda's obligation to repay the Waived Portion of the Loans may allow more resources to be channeled into the Atlantis Garden Project and improve the financial prospects of the Atlantis Garden Project; and (iii) compared to the debt restructuring plans of other major real estate developers, where the proportion of waived debt as compared to the total loan principal is generally more significant, seizing this opportunity could result in a more significant recovery of outstanding loans.

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[1] 海南官方统计数据显示，"摩羯"导致损失800亿，远超10年前"威马逊"

For details, please refer to the link 海南官方统计数据显示，"摩羯"导致损失800亿，远超10年前"威马逊" (baidu.com)

4. SALIENT TERMS AND CONDITIONS OF THE LOAN REDUCTION AGREEMENT

Under the Loan Reduction Agreement, the Company and Fuda have agreed to a final full and settlement amount of S$400,000 (equivalent to approximately RMB 2,184,000) in settlement of the Outstanding Principal. The Loan Reduction is subject to, *inter alia*:

(a) repayment of the Settlement Amount being made in full within 90 days upon the execution of the Loan Reduction Agreement; and

(b) in the event that any approvals, clarifications, consents and/or waivers to the Loan Reduction be in the Company's view desirable or required under any applicable laws, regulations and rules, such approvals, clarifications, consents and/or waivers having been obtained on terms acceptable to the Company and not having been withdrawn and, should such approvals, clarifications, consents and/or waivers be subject to conditions, such conditions being acceptable to the Company.

Upon full repayment of the Settlement Amount in accordance with the terms of the Loan Reduction Agreement, the Loans shall be considered fully and finally settled.

5. FINANCIAL EFFECTS

As a consequence of the Loan Reduction, the Group expects to record a one-off expense in respect of the write off of the Waived Portion of the Loans and for the Group's net asset value to decrease by the Waived Portion of the Loans, in the financial year ending 31 December 2024.

By Order of the Board
Peng Fei
Executive Director and Chief Executive Officer
19 October 2024

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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 the 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.