

HealthBank Holdings Limited

(Company Registration Number: 201334844E)

(Incorporated in the Republic of Singapore)

ENTRY INTO JOINT VENTURE AGREEMENT

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’s wholly owned subsidiary, Elite Management (Singapore) Pte. Ltd. (“**Elite Management**”), has on 18 September 2020 entered into a joint venture agreement (the “**JVA**”) with Tian Li (田丽) (the “**Local Partner**” and together with Elite Management, the “**Parties**”), pursuant to which the Parties have agreed to establish a joint venture company (“**JV Co**”) to conduct the business of properties investment and management in the People’s Republic of China (“**China**”) (the “**Proposed Joint Venture**”).

2. INFORMATION ON THE JV CO

The JV Co is intended to be incorporated in Haikou City, Hainan Province, China with a paid-up share capital of RMB 500,000. The shareholding structure of the JV Co will be as follows:

Party	Paid-up share capital (RMB)	% of interest in the JV Co
Elite Management	255,000	51%
The Local Partner	245,000	49%
TOTAL	500,000	100%

Based on the information and representation from the management, the Board is of the view that the initial capital of RMB 500,000 will be sufficient to set up and operate the business of the JV Co and expects that the working capital can be sustained with the future ongoing operations of the JV Co. As such, the management and the Board do not envisage any additional investment or lending required for the JV Co in the next 12 months.

The JV Co will become an indirectly 51%-owned subsidiary of the Company once incorporated.

Pursuant to the JVA, the primary business scope of the JV Co shall be investment and management of cultural tourism, residential, hotel, food and beverages, commercial (retail and office), industrial, gardening and other suitable types of properties (including integrated properties). However, for a start and in the near future, the JV Co will only focus on the management service business in real estate sector in Hainan.

3. INFORMATION ON THE LOCAL PARTNER

The Local Partner is a Chinese citizen and was introduced by a business associate of the Group. For avoidance of doubt, no introducer fee paid or payable by the Group in relation to the Proposed Joint Venture. The Local Partner is an independent third party and is not related to the Group or any of the Company’s Directors or controlling shareholders, or their respective associates.

The Local Partner is familiar with the hospitality industry with over 15 years of industry experience and has wide business connections. The Local Partner has also been an active investor in the hospitality industry in China, primarily engaged in the investment business of residential, hospitality and tourism management and operation.

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4. SALIENT TERMS OF THE JVA

4.1. Capital Contributions

The Parties will contribute the share capital by cash (in the proportion stated in paragraph 2 of this announcement) within 3 months from the incorporation date of the JV Co. The subscription of shares in the JV Co payable by Elite Management will be funded through the Group's internal resources.

4.2. Shareholders' Loans

Where the JV Co requires shareholders' loans, the Parties shall provide loans proportionate to their respective shareholding in the JV Co.

4.3. Right of First Refusal over Share Transfer

Unless agreed by the other Party and approved by the approving authority, neither Party may transfer all or part of its subscribed capital shares in the JV Co directly or indirectly to a third party.

If one Party decides to transfer all or part of its subscribed capital shares in the JV Co directly or indirectly to a third party, the other Party must be notified first ("**Notice of Transfer**"). The other Party will have the first right of refusal over the share transfer, and the conditions of share transfer shall not be more stringent than those of share transfer to a third party. If the other Party does not exercise the first right of refusal within the Specified Period (as defined below), it shall be deemed agreeable to the above share transfer.

The Notice of Transfer shall specify a period (the "**Specified Period**"), which shall be no less than 1 month from the date of the Notice of Transfer, for exercising the first right of refusal in writing or (by default) the first right of refusal will be deemed invalid. Unless the other Party's consent is obtained, the Notice of Transfer is irrevocable once issued.

4.4. Pre-emptive Rights over Share Subscription

If both Parties agree to increase the capital of the JV Co (including but not limited to issuance of ordinary shares, convertible bonds, preference shares or any other forms of securities which represent interest in the JV Co), both Parties have the pre-emptive rights over subscription of such shares/bonds/securities proportionate to their shareholding ratio in the JV Co under the same conditions.

4.5. Collateral and Guarantee

Without the unanimous consent of the shareholders of the JV Co, neither Party shall use all or part of the capital shares subscribed by it as collateral or as a guarantee.

4.6. Responsibilities of the Parties

The responsibilities of Elite Management include, *inter alia*, the setting of strategic direction, to assist in building up the management team as well as to provide knowledge transfer to the JV Co. The responsibilities of the Local Partner include, *inter alia*, developing the market, securing customers and marketing activities.

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4.7. Governance of the JV Co

All shareholders' resolutions of the JV Co require the approval by the majority equity interest to be enforceable.

Under the JVA, it was agreed that the JV Co shall set up an Executive Management Committee as the supreme authority of the JV Co and executes all major shareholders matters of the JV Co which are approved via the shareholders' resolutions. Executive Management Committee shall comprise 2 executives, and each of the shareholders of the JV Co, namely Elite Management and the Local Partner, shall be entitled to appoint 1 executive.

Under the JVA, it was agreed that the JV Co shall have a general manager to organize and lead the daily operation and management of the JV Co.

4.8. Non-competition and Non-solicitation Clause

Unless agreed by the other Party in writing, the Parties shall not participate in or engage in businesses in competition with the JV Co, except for the existing known investments, joint investments by the Parties, or investments with non-controlling interest (<15%) and not participating in management of such businesses.

5. RATIONALE FOR THE JOINT VENTURE

Hainan International Free Trade Island is currently under the spotlight of investment in China, under the macro background of slump Chinese and world economies worsened by the COVID-19 pandemic. The Proposed Joint Venture is a good opportunity to tap into growth of the Hainan International Free Trade Island, with tourism and hospitality industries as one of its key areas of development favourably supported by the Chinese Government. A series of stimulus policies promulgated by the Chinese Government are expected to boost further demands on hospitality management and consultancy services. On 1 June 2020, the Chinese Government announced the master plan for Hainan International Free Trade Island, aiming to build the island into a globally-influential high-level free trade port, in that a free trade port system focusing on trade and investment liberalization and facilitation will be "basically established" by 2025 and become "more mature" by 2035.^[1]

In view of the above, the Company sees tremendous opportunities in Hainan real estate and hospitality sectors. Subsequent to the investment in the Atlantis Project through the acquisition of Libre Hospitality Limited in December 2019, the Proposed Joint Venture provides another opportunity for the Group to foray into the provision of management services to Hainan real estate and hospitality industry which allow the Group to ride of the growing demand on real estate and hospitality management services in Hainan.

The Board is of the view that the Proposed Joint Venture would be in the best interest of the Company as the Proposed Joint Venture is in line with the Group's strategic plans to develop and expand its real estates and hospitality management services in the region which allow the Group to create recurring income sources. With the Local Partner's support, it provides an additional value-added platform for the Group to execute its plans.

^[1] Extracted from an article entitled "Xinhua Headlines: Hainan free trade port reaffirms China's commitment to opening up" published on 2 June 2020 on XINHUANET.COM:

http://www.xinhuanet.com/english/2020-06/02/c_139105980.htm

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With the finalisation of the JVA, the Parties will be in active discussions with potential customers on various potential contracts, in particular for the residential and commercial properties, which are targeted to be finalised once the JV Co is incorporated.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The Proposed Joint Venture is not expected to have any material impact on the net tangible assets or earnings per share of the Group for the financial year ending 31 December 2020.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company, and their respective associates, has an interest, direct or indirect, in the Proposed Joint Venture, other than through their respective shareholding interests in the Company, if any.

8. SERVICE CONTRACTS WITH DIRECTORS

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

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

10. 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 Joint Venture, 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.

11. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Joint Venture, including the incorporation of the JV Co and signing of material business contracts, as appropriate or when there are material developments on the same.

BY ORDER OF THE BOARD

Peng Fei

Executive Director and Chief Executive Officer

18 September 2020

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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.*

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.