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

Proposed Acquisition and Entry into an Equity Transfer Agreement

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1. Introduction

1.1 The board of directors (the "**Board**" or "**Directors**") of HealthBank Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 4 November 2022 entered into an Equity Transfer Agreement (the "**Agreement**") with New Energy Industry Sweden AB, a Sweden incorporated company (the "**Vendor**"), in relation to, *inter alia*, the proposed sale of 100% of the shares in the capital of New Energy International Investment Holdings Limited (the "**Target**" and such shares collectively the "**Equity Interest**") to the Company (the "**Proposed Acquisition**"). Each of the Vendor and Company are hereinafter referred to as a "**Party**" and collectively the "**Parties**".

1.2 In connection with the Agreement, the Company had in an announcement on 6 October 2022 announced its entry into a non-binding Memorandum of Understanding ("**MOU**") in relation to the Proposed Acquisition. In that announcement, the vendor in the Proposed Acquisition was stated to be Zhongrui Suhua New Energy (Jiangsu) Co., Ltd. (中瑞苏华新能源(江苏)有限公司), with the target to be Yangzhou Suyi Xinhua New Energy Co., Ltd. (扬州市苏溢新华新能源发展有限公司) ("**Suyi Xinhua**").

1.3 With the intention of facilitating the Proposed Acquisition, it was agreed that the vendor's group of companies would carry out an internal restructuring, and that the Company would acquire from the Vendor the Target, which consequential upon the restructuring would hold Suyi Xinhua which would in turn hold Yangzhou Ruipeng New Energy Co., Ltd. (扬州市瑞彭新能源发展有限公司) ("**Ruipeng**").

1.4 For purposes of this announcement, the exchange rate used is S$1 to RMB5.11.

2. Information on the Target and Vendor

*All information in respect of the Vendor, the Target Group (as defined below) and the Project (as defined below) is based solely on information provided to the Company by the Vendor. In respect of such information, the Company and the Board have not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context. In addition, the Company has carried out preliminary legal and financial due diligence, and has received a draft valuation report on the Project (as defined below) ("**Draft Independent Valuation Report**") undertaken by CBRE Limited (the "**Independent Valuer**").*

2.1 The Target was incorporated in Hong Kong on 27 October 2022. Prior to, and as a condition precedent to, completion of the Proposed Acquisition ("**Completion**"), the equity in the various companies in the Target Group (as defined below) shall be restructured (the "**Restructuring**") such that:

2.1.1 the Target is the sole legal and beneficial owner of the entire registered equity in Suyi Xinhua, a company incorporated in the People's Republic of China ("**PRC**" or "**China**"); and

2.1.3 Suyi Xinhua is the sole legal and beneficial owner of the entire registered equity in Ruipeng, a company incorporated in the PRC.

(Ruipeng, together with Suyi Xinhua and the Target shall be referred to collectively as the "**Target Group**".)

2.2 The Target Group carries out business in renewable power generation technology research and development, as well as building, operating and managing renewable power generators. Ruipeng will be undertaking to build, operate and manage a 50-Megawatt (MW) wind power plant in Guocun Town, Jiangdu District, Yangzhou City, Jiangsu Province (the "**Project**").

2.3 The Project involves the installation of 13 wind turbines. Windfarm projects in the PRC generally involve three stages: (1) the project establishment stage, (2) the construction stage, and (3) the operation stage. Ruipeng has obtained the certificate of land use and site selection and the approval from the relevant PRC authority for the project establishment stage, as well as some of the other compliance permissions, approvals and filings required for the next two stages of the Project. The Vendor has notified the Company that the pre-construction design phase is slated to start in December 2022, with construction to begin in March 2023 and scheduled to be completed in November 2023.

2.4 The Vendor is the ultimate parent company of the New Energy group of companies, of which the Target Group is a part. The Vendor has represented that the New Energy group's projects in the renewable energy industry include the construction, operation and management of solar power stations and wind farms in Vietnam, thermal and hydro plants in Ghana and Sierra Leone, and a power plant energy storage system in Foshan City, Guangdong Province, China.

2.5 The chairman of the board of directors of the Vendor is Fang Huasheng, the board member of the Vendor is Eriksson, Sven Lennart, the deputy board member of the Vendor is Xu Xiaojun, and the managing director of the Vendor is Utterberg, Johan Ernie Agne. The shareholders of the Vendor are Fang Huasheng (83%), Eriksson, Sven Lennart (5%), Xu Xiaojun (2%), Yu Jijiang (5%) and Cheng Ruikai (5%).

2.6 As at the date of this announcement, the Vendor and its shareholders do not have any direct or indirect shareholding interest in the Company.

3. Rationale for the Proposed Acquisition

3.1 The Proposed Acquisition will facilitate and further the Group's diversification into the renewable energy industry. The Company believes the renewable energy industry to be a growing and highly profitable industry, supported by a global trend towards sustainability, regulatory incentives in major economic territories such as China, the United States and the European Union, and the current relatively lower cost of renewable energy as compared to the traditional sources of energy such as crude oil, natural gas and coal. In particular, as noted in the Draft Independent Valuation Report, China has abundant renewable resources for traditional hydropower, wind and solar energy generation. Coupled with China's carbon neutrality goal and strong government support for renewable energy, the Company is of the view that the renewable industry in China represents good business opportunities for the Group.

3.2 The Proposed Acquisition will also allow the Group to reduce its dependency on its existing principal business of property-related investment and management. A large part of the Group's property-related business is carried out in the Hainan Province in the PRC. Due to the COVID-19 pandemic and the government policies in China, the Group has been slow to realise profits in its property-related business. Meanwhile, the Company observes the renewable energy industry to be a fast-growing industry with highly promising short- and long-term prospects for the reasons set out at paragraph 3.1 above. Accordingly, the Company is of the view that it is in the Group's best interest to diversify its business to the renewable energy industry.

3.3 In addition, the consideration to be paid to the Vendor for the Proposed Acquisition (the "**Consideration**") comprises solely the divestment of the Company's wholly-owned subsidiary in Hong Kong, Libre Hospitality Limited ("**LHL**"), the issuance of new shares to the Vendor, and the assignment of certain loans to the Vendor. Such satisfaction of the purchase price by way of non-cash consideration would enable the Company to conserve cash for its working capital and other uses as it diversifies its business. Please refer to paragraphs 4.1, 4.4, 4.5 and 4.6 below for further details on the Consideration. In addition, the Company believes that the Proposed Acquisition will increase the Group's financial resilience and enable it to build a new, stable and growing source of income for the Group.

3.4 The Proposed Acquisition is expected to result in a change in the risk profile of the Group as:

3.4.1. Completion will result in the Group commencing business activities in industries that are different from its existing principal business; and

3.4.2. Completion may result in a significant increase in the scale of the Group's existing operations, due to prospective incoming business from the carrying out of the Project.

3.5 However, the Company is of the view that the risks in paragraph 3.4 above may be mitigated by the following factors:

3.5.1. the Group has carried out a substantial portion of its business in China since incorporation, and the Target Group operates in China;

3.5.2. the supportive government policies in China for the generation of renewable energy; and

3.5.3. the Completion will not result in a change in the Board composition nor a change in control of the Company as post-Completion, the Consideration Shares (as defined at paragraph 4.1.5(a) below) held by the Vendor will comprise approximately 13.2% of the issued and paid-up shares in the Company and the controlling shareholders in the Company will remain Zhang Tian Bao and Peng Weile.

4. Principal Terms of the Agreement

4.1 Consideration

4.1.1. The total amount of the Consideration shall be RMB71,000,000 (amounting to approximately S$13.9 million).

4.1.2. The Consideration was determined on a willing-buyer-willing-seller basis and was arrived at after an assessment of the factors set out below.

4.1.3. The Company has obtained a preliminary independent valuation of the Project (the "**Independent Valuation**") prepared exclusively for the Company by the Independent Valuer. Based on the preliminary Independent Valuation, the value of the Project is approximately RMB74,000,000 (amounting to approximately S$14.5 million) as at 30 June 2022. The preliminary Independent Valuation was carried out on a market value basis based on the International Valuation Standards (IVS) 2022 using the income approach – adjusted present value (APV) method. In arriving at its opinion, the Independent Valuer took into account, *inter alia*, prospective financial information of the Target Group, the economic and renewable energy industry outlook, market conditions, comparable companies, and discussions with each of the Company's and Target Group's management team. Details of the finalised Independent Valuation will be set out in a circular to be despatched to the shareholders in due course.

4.1.4. The Company agreed to the Consideration taking into account:

(a) the Consideration being lower than the value of the Project as set out in the preliminary Independent Valuation; and

(b) the difficulties and time frame required to obtain a certificate of land use and site selection and the approval from the relevant PRC authority for the project establishment stage of the Project, and the Target Group having been granted such certificate and approval.

Further information on the net asset value ("**NAV**") and net tangible asset value ("**NTA**") of the Equity Interest is set out at Section 6 below.

4.1.5. The Consideration shall be satisfied by:

(a) RMB11,500,000 (amounting to approximately S$2.3 million) shall be satisfied by the issuance of 12,433,642 new ordinary shares in the capital of the Company to the Vendor, each such share issued fully paid up, at an issue consideration of S$0.181 per new share (the "**Consideration Shares**");

(b) the transfer of 100% of the shares in LHL (the "**LHL Shares**"), agreed amongst the Parties to be ascribed a value of RMB50,000,000 (amounting to approximately S$9.8 million), by the Company to the Vendor; and

(c) the assignment of the Company's rights, title and interests in and to two (2) loans extended by the Company to Hainan Fuda Construction Materials Co., Ltd. (海南福达建材有限公司) ("**Hainan Fuda**") pursuant to two (2) loan agreements dated 20 December 2019 and 7 January 2020 respectively which were amended by way of a supplemental loan agreement dated 31 December 2021 (the "**HF Loans**"), agreed amongst the Parties to be ascribed a value of RMB9,500,000 (amounting to approximately S$1.8 million), to the Vendor.

4.2 Conditions Precedent

The obligations of the Company under the Agreement to proceed to Completion and perform its obligations under the Agreement are conditional upon (save for conditions precedent waived before Completion), *inter alia*:

4.2.1 the outcome of all further legal, tax, commercial, technical, financial and other investigations if necessary into the business and affairs of the Target Group being satisfactory to the Company;

4.2.2 the Target Group having obtained a binding and enforceable approval of a licensed bank in the PRC or any other creditor to its application for a construction loan or facility of no less than RMB270.0 million (amounting to approximately S$52.8 million) from such bank or creditor or, where the Target Group has applied for construction loans or facilities from more than one bank or creditor or for more than one construction loan or facility from a single bank or creditor, the aggregate loan amount in respect of which approvals are granted being no less than RMB270.0 million, in terms and form satisfactory to the Company;

4.2.3 the Target and the Company having obtained all necessary and applicable consents, approvals and/or waivers from all governmental authorities for the Restructuring and the sale and transfer of the Equity Interest to the Company and such consents, approvals and waivers not having been amended or revoked before Completion, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Company in its sole discretion;

4.2.4 the Company having obtained the approval of its board of directors, shareholders and where in its view desirable or required, the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), for the transactions contemplated in the Agreement, and such approval not being amended or revoked before Completion and if such approvals are subject to conditions, such conditions being acceptable to the Company in its sole discretion;

4.2.5 the Company having obtained the approval for the listing and quotation of the Consideration Shares and such approval not being amended or revoked before Completion and if such approvals are subject to conditions, such conditions being acceptable to the Company in its sole discretion;

4.2.6 the Company having obtained evidence and confirmation in terms and form satisfactory to it that the Restructuring has been completed in accordance with all applicable laws;

4.2.7 the Company having obtained evidence and confirmation in terms and form satisfactory to it that the transactions contemplated in the Agreement will not attract tax from any governmental authorities and that any tax arising from the Restructuring has been duly paid;

4.2.8 the Company having obtained evidence and confirmation in terms and form satisfactory to it that the registered capital of all the companies in the Target Group have been fully paid up;

4.2.9 the Company having obtained evidence and confirmation in terms and form satisfactory to it that all liabilities of any company in the Target Group that are due to the Vendor and any persons or entities directly or indirectly controlled by or controlling, or under direct or indirect common control with, the Vendor, have been capitalised into equity in the respective company;

4.2.10 the Company having obtained evidence and confirmation in terms and form satisfactory to it that none of the companies in the Target Group are in a net liability position;

4.2.11 the Company having obtained evidence and confirmation in terms and form satisfactory to it that the Target Group has, within six (6) months of the Agreement or such other date as approved by the Company, obtained all required approvals from any governmental authority to commence construction of the Project;

4.2.12 the Company having obtained evidence and confirmation in terms and form satisfactory to it that the Target Group has obtained, or will upon completion of the Project obtain, the required permit(s) from a state-owned enterprise in the PRC (as specified in the Agreement) to connect the wind power plant constructed or to be constructed under the Project to the relevant state grid;

4.2.13 the Vendor having obtained all necessary and applicable consents, approvals and/or waivers authorising the Agreement and the ancillary documents and such approvals not having been amended or revoked before Completion;

4.2.14 any and all consents, approvals and/or waivers from any governmental authority granted to the Target Group in respect of the Project as at the date hereof remaining in full force and effect and not having been amended or revoked before Completion, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Company;

4.2.15 there being no direction or order from any governmental authority, including but not limited to any sanctions from any governmental authority, against the Vendor or the Company or that restrict, limit or prohibit the entry into or performance by the Vendor or the Company of any of the terms of the Agreement;

4.2.16 there being no policies, laws, regulations or directives of any governmental authority, or any other circumstances, that would result in restrictions, limitations or prohibitions of any of the transactions contemplated in the Agreement, or that would result in increases in costs or reduction in profitability of the Project;

4.2.17 the key employees of the Target Group having entered into employment agreements with the Target Group on terms acceptable to the Company;

4.2.18 the Vendor having complied with all the terms of the Agreement; and

4.2.19 the representations, warranties and undertakings given in the Agreement being true and accurate in all respects as at the Completion date.

The Vendor shall use best efforts to procure or provide assistances towards the fulfilment of the conditions precedent set out in the Agreement as soon as possible and in any event, no later than six (6) months from the date of the Agreement.

4.3 **Completion**

4.3.1. Completion shall occur on a date notified by the Company to the Vendor.

4.3.2. On the Completion date, the Vendor and the Company shall execute an instrument of transfer for the transfer of the Equity Interest from the Vendor to the Company, and the Vendor shall deliver to the Company, *inter alia*, a sold note in respect of the Equity Interest, the corresponding share certificates in respect of the Equity Interest and all assets and properties of the Target Group.

4.3.3. If Completion does not occur within six (6) months from the date of the Agreement, the Company shall have the sole discretion to extend such time for Completion or to terminate the Agreement, save as for certain provisions intended expressly or by implication to survive the termination of this Agreement, and the Company and the Vendor shall not have any claim against each other for costs, damages, compensation or otherwise, save for the Company's accrued rights and remedies against the Vendor at the date of termination arising from any antecedent breach of any of the Vendor's obligations under the Agreement, save that in the event that the Agreement is terminated pursuant to this clause, the Vendor shall reimburse the Company, on demand, for any and all legal costs and disbursements incurred by the Company in carrying out financial and legal due diligence on the Vendor and/or any entity comprised in the Target Group.

4.4 **Issuance of the Consideration Shares**

4.4.1. The Consideration Shares shall be issued within 30 days of Completion.

4.4.2. <u>Price.</u> The Consideration Shares are to be issued to the Vendor at S$0.181 per share, representing a discount of 9.7% to S$0.2005, being the volume weighted average share price ("**VWAP**") of trades in the Company's shares on 1 November 2022, the market day immediately preceding the execution of the Agreement.

4.4.3. Status. The Consideration Shares shall be issued fully paid and rank *pari passu* with the existing issued shares of the Company, and be entitled to any dividends and distributions the record date of which is after the date of issuance of the Consideration Shares.

4.4.4. Enlarged share capital. As at the date of this announcement, the Company has an issued and paid-up share capital of S$7,819,100 comprising 81,800,000 ordinary shares. The issued and paid-up share capital of the Company will be increased to S$10,069,589 following the issuance of the Consideration Shares. The Consideration Shares will constitute 13.2% of the enlarged issued share capital of the Company comprising 94,233,642 ordinary shares. The issuance of the Consideration Shares will not constitute a transfer of a controlling interest in the Company pursuant to Rule 803 of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "**Catalist Rules**").

4.4.5. Authority. The Consideration Shares will be issued and allotted pursuant to the general mandate to allot and issue shares in the Company granted by the shareholders of the Company (the "**General Mandate**") by way of an ordinary resolution passed at the Company's annual general meeting held on 28 April 2022. As at the date of this announcement, the total number of new shares in the Company that may be issued pursuant to the General Mandate on a non-pro-rata basis is 35,200,000, after taking into account 3,800,000 new shares issued on 30 June 2022 pursuant to a placement exercise. Accordingly, the proposed issuance of the Consideration Shares will fall within the limit of the General Mandate.

4.4.6. Approval from the SGX-ST. The Company will apply, through SAC Capital Private Limited, the Company's continuing sponsor (the "**Sponsor**"), to the SGX-ST for the listing and quotation of the Consideration Shares on the Catalist in due course and will make the necessary announcements once the listing and quotation notice for the Consideration Shares has been obtained from the SGX-ST.

4.5 **Transfer of the LHL Shares**

4.5.1. Price. The LHL Shares shall be transferred to the Vendor at a total price of RMB50,000,000 (amounting to approximately S$9.8 million). The Company notes that this is a 7.5% discount on the market value of the LHL Shares, which is equivalent to 8.0% of the market value of the AG Project (as defined below), as at 30 September 2022, being RMB54,059,768 (amounting to approximately S$10.6 million). The details of the market value of the AG Project are set out in paragraph 4.5.6 below. Apart from the valuation, this pricing takes into account:

(a) the commercial advantages of satisfying such part of the Consideration by transfer of the LHL Shares to the Vendor, as compared to payment of cash consideration, as set out at paragraph 3.3 above; and

(b) that the value of the LHL Shares is likely to be realised only in the far future compared to the realisation of profits from the Project, the concerns of the Vendor in this regard and the advantages of maintaining a good business relation with the Vendor leading up to and after Completion.

4.5.2. Status. The LHL Shares shall be transferred to the Vendor on an "*as is, where is*" and non-recourse basis without any warranty in respect thereof.

4.5.3. Obligations of the Company. In respect of the transfer of the LHL Shares, the Company shall sign and deliver any and all documents that are, to the best of the Company's knowledge, required to be signed by the Company pursuant to the law of the PRC, Hong Kong or any other applicable jurisdiction, and do such acts as may be reasonable and necessary, in order to effect the transfer of the LHL Shares to the Vendor, provided that the Company shall not be required to execute any documents that will impose on it any obligation that will have any financial or restrictive effect. Upon such signing, delivery and acts having been carried out, the Company's obligations in respect of the transfer of the LHL Shares shall be fully and finally discharged even if the Vendor has not yet been reflected as the registered holder of the LHL Shares in the Hong Kong Companies Registry.

4.5.4. Information on the LHL Group. LHL is an investment holding company limited by shares incorporated in Hong Kong and is principally engaged in the business of property investment, solely through its wholly owned subsidiary, Hainan Zhong Zhi Cultural Tourism Limited (海南众志文化旅游有限公司) ("**WOFE**"). WOFE is an investment holding company incorporated in the PRC and is principally engaged in the business of property investment, solely through its holding of 8% interests in each of Hainan Fuda and Hainan Fufa Plantations Co., Ltd (海南福发种植有限公司) ("**Hainan Fufa**") (collectively, the "**AG Project Companies**"). The AG Project Companies are each incorporated in the Hainan Province of the PRC. The AG Project Companies jointly develop the Atlantis Garden Project (亚特兰蒂斯花园项目), a service apartment development project located in the west side of Qiongshan Avenue, Jiangdong District, Haikou City, Hainan Province, the PRC (the "**AG Project**").

4.5.5. Information on the AG Project. The AG Project is facing the Hainan Provincial Government building from the Nandu River and has a gross planned construction area of approximately 69,760 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. As at 30 September 2022, the construction of the buildings of the AG Project has been completed. However, the renovation work for the façade of the commercial building is still ongoing and the facilities have not been installed. As disclosed in the Company's announcements dated 13 August 2021 and 31 December 2021, the AG Project was delayed due to the COVID-19 pandemic and was expected to be completed by June 2022. Following further delays due to the COVID-19 pandemic, the AG Project is currently expected to be completed by the third quarter of 2023.

4.5.6. Valuation of the AG Project.

The Board has authorised the Company's Executive Director and Chief Executive Officer, Mr. Peng Fei, to represent the Company in appointing, and Mr. Peng Fei has accordingly appointed, Hainan Licheng Land-Real Estate Appraisal Co., Ltd (海南立诚 土地房地产评估有限公司), who was the independent valuer when the Group acquired equity interests in LHL in 2019 and 2021, as the independent valuer (the "**AG Independent Valuer**") to perform an independent valuation of the AG 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 a valuation report dated 8 October 2022 issued by the AG Independent Valuer, the value of the AG Project on an "*as is*" basis is approximately RMB675,747,100 (amounting to approximately S$132.2 million) as at 30 September 2022. In arriving at the valuation, the AG Independent Valuer has adopted a combination of the replacement cost method and residual method to value the AG Project, both of which are common valuation methods for property development projects.

The replacement cost method is used to estimate the value of the AG 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 AG 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.

The investment in the AG Project through LHL is classified as investment in unquoted equity under non-current financial assets at fair value through profit or loss ("**FVPL**"). Such financial assets at FVPL are measured at their fair values and any movements in the fair values would be recognised in profit or loss. The carrying value of the LHL Shares as at 30 June 2022 is RMB55,227,000. The Group is expected to record a net loss on the transfer of the LHL Shares to the Vendor of RMB55.2 million based on the carrying value of the LHL Shares as at 30 June 2022.

4.5.7. <u>Rationale of the transfer of the LHL Shares.</u> The Company refers to paragraph 3.2 above, wherein the Company briefly discussed the rationale for reducing its reliance on its existing business in the property industry. The Company further refers to its announcement dated 2 January 2022 (the "**LHL Announcement**"), wherein the Company announced its acquisition of 10% of the shares in the capital of LHL, completed on 31 December 2022, making LHL a wholly-owned subsidiary of the Company. The Company notes that it had at paragraph 2.5 of the LHL Announcement observed that the acquisition of LHL would potentially improve future earnings of the Group, for the reasons set out therein. For the avoidance of doubt, the Company has not observed a need to change such outlook. The disposal of LHL is undertaken as part of the Proposed Acquisition to enable the Group to diversify into an industry which it believes would improve future earnings of the Group sooner and to a larger extent than the Group's existing property business, while conserving the working capital required for such diversification.

4.5.8. As the LHL Shares will constitute part of the Consideration, the Company will not receive any consideration in cash for the LHL Shares. The Company is of the view that given the structure of Proposed Acquisition and manner in which the Consideration will be satisfied, it is not possible nor meaningful to disclose the intended use of the sale proceeds as required by Rule 1010(6) of the Catalist Rules.

4.6 Assignment of the HF Loans

4.6.1. <u>The component loans.</u> The HF Loans comprise loans granted to Hainan Fuda as documented in two (2) loan agreements dated 20 December 2019 and 7 January 2020 respectively. Pursuant to a supplemental loan agreement entered into by the Company with Hainan Fuda on 31 December 2021, the outstanding principal amounts of the HF Loans are RMB3,700,000 (amounting to approximately S$0.7 million) and RMB5,800,000 (amounting to approximately S$1.1 million), and the HF Loans will mature on 20 June 2023 and 7 July 2023, respectively. The interest rate of each loan is 3.80% per annum.

4.6.2. Status. The HF Loans shall be transferred to the Vendor on an "*as is, where is*" and non-recourse basis without any warranty in respect thereof.

4.6.3. Obligations of the Company. The Company shall sign and deliver any and all documents that are, to the best of its knowledge, required to be signed by the Company for it to assign its rights, title and interests in and to the HF Loans to the Vendor. Performance of the foregoing obligations shall fully and finally discharge the Company of its obligations to transfer the HF Loans to the Vendor.

4.7 **Indemnity**

The Vendor has agreed to indemnify and hold harmless the Company (including its Directors and staff) from and against, *inter alia*, any damages, deficiencies, losses, costs, liabilities and expenses (including legal fees and disbursements on a full indemnity basis) and in particular, but without prejudice to the generality of the foregoing, from and against any depletion or diminution in the value of Target Group, resulting from, arising out of, or in relation to any breach of any of the representations, warranties, undertakings, covenants and agreements made by the Vendor in the Agreement and further any claim for any taxation (to the extent that such claim exceeds the amount of any provision or reserve therefor in the Target Group's accounts and arises from any dispute with or failure to fully and accurately disclose all facts and circumstances in respect of such taxation to the relevant authorities) made against the Target Group where such claim arises out of, or is in connection to, the conduct of the Target Group's business or any act or omission of the Vendor in relation to the Target Group or the Vendor's obligations to the Target Group before Completion.

5. Source of Funds

The Consideration being in kind, the Company does not expect to require funding for the Proposed Acquisition itself. In respect of costs for the construction of the Project and initial working capital for initial operations, the expected requirements and source of funds are as follows:

5.1 construction costs amounting to approximately RMB340,000,000 (amounting to approximately S$66.5 million) are expected to be financed by a construction loan of at least RMB270,000,000 to be provided by a licensed bank or creditor in the PRC or the contractor appointed or to be appointed for the construction of the Project, and the balance fund will be further sourced/arranged by the Group; and

5.2 the working capital for initial operations amounting to approximately RMB1,500,000 (amounting to approximately S$0.3 million) is expected to be financed by a working capital loan to be provided by a licensed bank or creditor in the PRC or the contractor appointed or to be appointed for the construction of the Project, and the balance fund, if any, will be further sourced/arranged by the Group.

6. Value Attributable to the Equity Interest

The financial effects in the following sections are based on the unaudited pro forma financial statements of the Target Group for 1H2022 (as defined below), on the basis that the Restructuring had been completed on 1 January 2022.

Based on the unaudited pro forma consolidated financial statements of the Target Group for the 6-month financial period ended 30 June 2022 ("**1H2022**"), the NAV and NTA attributable to the Equity Interest as at 30 June 2022 are the same at RMB917,734. The open market value of the Equity

Interest is not available as the Equity Interest, or any portion thereof, is not listed or traded on any securities exchange.

After taking into account the market value of the Project as at 30 June 2022 based on the Draft Independent Valuation Report, the pro forma revalued NAV ("**RNAV**") and the pro forma revalued NTA ("**RNTA**") of the Target Group (before the effect of the purchase price allocation exercise in relation to the Proposed Acquisition) as at 30 June 2022 are the same at RMB74.0 million.

7. Relative Figures under Rule 1006 of the Catalist Rules

The relative figures computed on the bases set out in Rule 1006 of the Catalist Rules for (a) the Proposed Acquisition and (b) the transfer of the LHL Shares are as follows:

7.1 Relative Figures under Rule 1006 of the Catalist Rules for the Proposed Acquisition

For the purposes of Chapter 10 of the Catalist Rules, and in particular Rule 1005 of the Catalist Rules, under which separate transactions completed within the last 12 months may be required to be aggregated and treated as if they were one transaction, the aggregated relative figures based on the latest announced unaudited consolidated financial statements of the Group for 1H2022. Accordingly, the combined relative figures including the acquisition of 10% shares in LHL which was announced on 2 January 2022 as well as the Proposed Acquisition are set out below:

Catalist Rule 1006	Description	Relative figure for the acquisition of 10% shares in LHL(10)	Relative figure for the Proposed Acquisition	Combined relative figure
(a)	The NAV of the assets to be disposed of, compared with the Group's NAV. This basis is not applicable to an acquisition of assets.(1)	Not Applicable	Not Applicable(2)	Not Applicable
(b)	The net loss attributable to the assets acquired or disposed of, compared with the Group's net loss.(3)	Not Applicable	954.1%(4)	954.1%
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	46.4%	91.7%(5)(6)(7)	98.7%
(d)	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	15.2%(8)	15.2%
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an	Not Applicable	Not Applicable(9)	Not Applicable

	acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.			

Notes:

(1) "Net assets" means total assets less total liabilities.

(2) Not applicable as the Proposed Acquisition is an acquisition of assets.

(3) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

(4) Based on the unaudited consolidated financial statements of the Group for 1H2022, the net loss was RMB1.9 million. Based on the unaudited pro forma consolidated financial statements for the Target Group for 1H2022, the net loss was RMB17.6 million.

(5) Total consideration in relation to the Proposed Acquisition is computed based on the aggregate of (i) the market value of the LHL Shares of RMB54.1 million (or equivalent to S$10.6 million), (ii) the aggregate principal amounts and interest amounts (during the HF Loans period) of the HF Loans of RMB10.0 million (or equivalent to S$2.0 million), and (iii) the value of the Consideration Shares based on Note 6 below.

(6) Under Rule 1003(3) of the Catalist Rules, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the net asset value represented by such shares, whichever is higher. In this instance, the value of Consideration Shares based on Rule 1003(3) shall be the highest of (a) the value of the Consideration Shares in the Agreement, being S$11.5 million; (b) the market value of the Consideration Shares of RMB12.7 million (or equivalent to S$2.5 million) based on VWAP of RMB1.0246 (or equivalent to S$0.2005) on 1 November 2022, being the last trading day for the Company's shares prior to the date of the Agreement; and (c) the NAV represented by the Consideration Shares of RMB9.6 million (or equivalent to S$1.9 million) computed based on the Group's NAV per share as at 30 June 2022 of RMB0.773 (or equivalent to S$0.151). Based on the above, for the purpose of Rule 1006(c) of the Catalist Rules, the value of the Consideration Shares for the Proposed Acquisition is deemed to be RMB12.7 million (or equivalent to S$2.5 million) (being the highest of (a) to (c) above).

(7) The Company's market capitalisation of RMB83.8 million (or equivalent to S$16.4 million) on 1 November 2022, being the last full market day on which shares of the Company were traded immediately prior to the signing of the Agreement on 4 November 2022. The Company's market capitalisation was determined by multiplying the number of shares of the Company in issue (81,800,000 shares) by the VWAP of such shares for trades done on the SGX-ST on 1 November 2022 of RMB1.0246 (or equivalent to S$0.2005)).

(8) The number of equity securities issued by the Company as consideration for the Proposed Acquisition is 12,433,642 shares and the number of equity securities of the Company in issue as of the date of this announcement is 81,800,000 shares.

(9) The Target Group is not in the mineral, oil and gas business.

(10) Extracted from the Company's announcement dated 2 January 2022.

As the figures used to compute the relative figure under Rule 1006(b) of the Catalist Rules are negative figures, pursuant to paragraph 4.4(a) of Practice Note 10A of the Catalist Rules, the Company notes that the absolute relative figures computed on the basis of each of Rule 1006(c) of the Catalist Rules exceeds 75% and the net loss attributable to the Equity Interest for 1H2022 of RMB17.6 million exceeds the net loss of the Group for 1H2022 of RMB1.9 million by more than 10%.

Accordingly, pursuant to paragraph 4.6 of the Practice Note 10A of the Catalist Rules, as the Proposed Acquisition does not fall within the situations in paragraphs 4.3 and 4.4 of the Practice Note 10A of the Catalist Rules, Rule 1014 of the Catalist Rules shall apply to the Proposed Acquisition and the Proposed Acquisition is conditional upon the approval of the shareholders of the Company at an extraordinary general meeting ("**EGM**") to be convened. A circular will be disseminated or dispatched to shareholders of the Company in due course.

7.2 **Relative Figures under Rule 1006 of the Catalist Rules for transfer of the LHL Shares**

For the purposes of Chapter 10 of the Catalist Rules, and in particular Rule 1005 of the Catalist Rules, under which separate transactions completed within the last 12 months may be required to be aggregated and treated as if they were one transaction, the aggregated relative figures based on the latest announced unaudited consolidated financial statements of the Group for 1H2022. Accordingly, the combined relative figures including the disposal of the Company's wholly owned subsidiary, Healthbank Technology Development (Liaoning) Limited (康银 科技发展（辽宁）有限公司) ("**HBTD**") which was announced on 20 July 2022 as well as the transfer of the LHL Shares are set out below:

Catalist Rule 1006	Description	Relative figure for the disposal of HBTD[16]	Relative figure for the transfer of LHL Shares	Combined relative figure
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets. [1]	1.3%	87.3%[11]	88.6%
(b)	The net loss attributable to the assets acquired or disposed of, compared with the Group's net loss. [3]	9.8%	Not Applicable[12]	20.5%
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	3.3%	59.7%[7][13]	61.1%
(d)	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	Not Applicable[14]	Not Applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.	Not Applicable	Not Applicable[15]	Not Applicable

Notes:

(11) Based on the unaudited consolidated financial statements of the Group for 1H2022, the carrying value of the LHL Shares was RMB55.3 million (or equivalent to S$10.8 million) and the Group's NAV was RMB63.3 million (or equivalent to S$12.4 million), as at 30 June 2022.

(12) Not applicable as the investment in the AG Project held through LHL is classified as investment in unquoted equity under non-current financial assets at FVPL and there is no sharing of financial results from the AG Project Companies by the Group.
(13) The ascribed value to the LHL Shares under the Agreement amounting to RMB50.0 million.
(14) The Company will not issue any new shares in connection with the transfer of LHL Shares.
(15) This is not a disposal of mineral, oil or gas assets.
(16) Extracted from the Company's announcement dated 20 July 2022.

As the relative figures computed on the basis of Rules 1006(a) and 1006(c) of the Catalist Rules exceed 50%, the transfer of the LHL Shares to the Vendor constitutes a "major transaction" under Chapter 10 of the Catalist Rules. Accordingly, the transfer of the LHL Shares to the Vendor is conditional upon the approval of the shareholders of the Company at the EGM. A circular will be disseminated or dispatched to shareholders of the Company in due course.

8. Financial Effects of the Proposed Acquisition

8.1 The financial effects of the Proposed Acquisition presented below:

8.1.1. are purely for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and/or the Group immediately after completion of the Proposed Acquisition;

8.1.2. are based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2021 ("**FY2021**") and unaudited pro forma consolidated financial statements of the Target Group for 1H2022 (as the Target Group has represented to the Company that the Target Group was dormant in FY2021);

8.1.3. assume, for illustrative purposes only, that:

(a) in calculating the financial effects on the NTA per share of the Group as at 31 December 2021, the Proposed Acquisition had been completed on 31 December 2021; and

(b) in calculating the financial effects on the loss per share ("**LPS**") of the Group for FY2021, the Proposed Acquisition had been completed on 1 January 2021; and

do not take into account expenses that may be incurred in connection with the Proposed Acquisition and the effect of purchase price allocation exercise in relation to the Proposed Acquisition to be conducted post-Completion in accordance with the requirements under the accounting standards.

8.2 No representation is made as to the actual results and/or financial position of the Company and/or the Group.

8.3 **Financial effects of the Proposed Acquisition**

8.3.1. **NTA per Share**

	Before completion of the Proposed Acquisition	**After completion of the Proposed Acquisition**
NTA attributable to the equity holders of the Company as at 31 December 2021 (RMB'000)	63,024	70,215

Number of shares in the Company, excluding treasury shares and subsidiary holdings	78,000	90,434
NTA per share of the Company (RMB cents)	80.80	77.64

8.3.2. **LPS**

	Before completion of the Proposed Acquisition	**After completion of the Proposed Acquisition**
Net loss attributable to the equity holders of the Company for FY2021 (RMB'000)	(3,643)	(26,524)
Weighted average number of shares in the Company, excluding treasury shares and subsidiary holdings	78,000	90,434
LPS of the Company (RMB cents)	(4.67)	(29.33)

9. Service Agreements

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition and no service agreement in relation thereto is proposed to be entered into by the Company.

10. Interests of Directors and Substantial Shareholders

10.1 None of the Directors or the substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition other than through their respective shareholdings, direct or deemed, in the Company, if any.

10.2 The Vendor is an independent third party and the Vendor, its director and shareholders are not related to any of the Directors or controlling shareholders of the Company and their respective associates.

11. 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 this 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 this announcement in its proper form and context.

12. Documents Available for Inspection

A copy of the Agreement, the Draft Independent Valuation Report and the valuation report prepared by the AG Independent Valuer are available for inspection at the registered office of the Company at 15 Scotts Road, #04-08, 15 Scotts, Singapore 228218, during normal business hours for three (3) months from the date of this announcement.

13. Cautionary Statement

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully and to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors of the Company should note that the Proposed Acquisition is subject to conditions precedent and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.

By Order of the Board

Peng Fei
Executive Director and Chief Executive Officer

4 November 2022

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*This document has been reviewed by 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 document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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