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Qianhai Health Holdings Limited

前海健康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 911)

DISCLOSEABLE TRANSACTION

SUBSCRIPTION OF EQUITY INTEREST IN A HEALTHCARE RELATED PROJECT COMPANY FOR THE JOINT DEVELOPMENT OF A SITE IN LIN AN DISTRICT, HANGZHOU, THE PRC

SUBSCRIPTION OF EQUITY INTEREST IN A HEALTHCARE RELATED PROJECT COMPANY

On 17 July 2017, Zhejiang Huijun, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Project Partner to form a joint venture by way of Capital Injection for the joint development of villas and a medical and health check centre at the Lin An Site, which is located in Lin An, Hangzhou, the PRC.

Immediately before the Capital Injection, the entire registered capital of the Project Company is committed by the Project Partner. Upon completion of the Capital Injection of RMB102 million (equivalent to approximately HK\$117.3 million) by Zhejiang Huijun, the registered capital of the Project Company will be held as to 51% and as to 49% by Zhejiang Huijun and the Project Partner respectively.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in relation to the Capital Injection is more than 5% but less than 25%, the Capital Injection constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

On 17 July 2017 (after trading hours), Zhejiang Huijun, a wholly-owned subsidiary of the Company and the Project Partner entered into the Agreement to form a joint venture by way of Capital Injection for, among other matters, the joint development of villas and a medical and health check centre at the Lin An Site, which is located in Lin An, Hangzhou, the PRC.

The Project Partner succeeded in the bidding of the Lin An Site offered for sale by the Land Bureau on 26 June 2017. Pursuant to the Agreement, the Project Partner shall transfer its right to acquire the Lin An Site as contemplated under the Land Use Right Grant Contract to the Project Company. Immediately before the Capital Injection, the entire registered capital of the Project Company is committed by the Project Partner. The Project Company is engaged in the construction, development and operation of the Lin An Site. Save as disclosed, as at the date this announcement, no concrete investment plan or commitment of construction were agreed.

Information of the Lin An Site

Site location:	Located at Tuanyuan Village, Tuankou Town, Linan City, Hangzhou Province, the PRC (中國杭州省臨安市湍口鎮湍源村)
Site area:	37,479 sq.m
Planned gross floor area:	50,912 sq.m
Term of land use rights:	40 years
Land Grant Price:	RMB78.5 million (“ Land Grant Price ”) (equivalent to approximately HK\$90.275 million), being the price for the land use right of the Lin An Site; of which RMB6 million has already been paid by the Project Partner as deposit, while the remaining of RMB72.5 million will be paid by the Project Company within one month after the Land Use Rights Grant Contract is signed.

The average land cost is approximately RMB1,542 per sq.m.

PRINCIPAL TERMS OF THE AGREEMENT

The principal terms of the Agreement are summarized as follows:

Date:

17 July 2017

Parties

- (a) Zhejiang Huijun, a wholly-owned subsidiary of the Company; and
- (b) Project Partner

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Project Partner and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Shareholding in, and information of, the Project Company

The Project Company was established on 12 July 2017 by the Project Partner in contemplation of the possible co-development of the Lin An Site with the Group. As at the date of this announcement, the Project Company has not commenced any business operation and its sole business will be the development and operation of the Lin An Site for villas and a medical and health check centre. The Project Company currently does not hold any material assets. The business and capital expenditure of the Project Company going forward are expected to be financed by capital contributions and bank loans.

As at the date of this announcement before the Capital Injection, the Project Company had a registered capital of RMB98 million, which was wholly committed by the Project Partner. Pursuant to the terms of the Agreement, Zhejiang Huijun will inject RMB102 million (equivalent to approximately HK\$117.3 million) as enlarged registered capital of the Project Company in cash in accordance with the terms of the Agreement. After the Capital Injection, the registered capital of the Project Company will be held by Zhejiang Huijun and the Project Partner as to 51% and 49% respectively.

Pursuant to the Agreement, the Project Partner shall transfer its right to acquire the Lin An Site as contemplated under the Land Use Right Grant Contract to the Project Company at cost (equivalent to such amount of the Land Grant Price as prepaid by it).

The capital commitment under the Agreement will be financed by internal resources of the Group. The capital requirement of the Project Company was determined by arm's length negotiation between the Project Parties taking into account the development plan of the Project Company and the Lin An Site. The Land Grant Price will be financed by the registered capital of the Project Company.

Composition of the board of the Project Company

The board of directors of the Project Company shall comprise five directors, of which three directors shall be nominated by Zhejiang Huijun and two directors shall be nominated by the Project Partner.

Profit sharing

The Project Parties are to share the profits of the Project Company available for distribution in proportion to their respective equity interest in the Project Company. The Project Company will be consolidated as a subsidiary in the accounts of the Group.

INFORMATION OF THE PROJECT PARTNER

Hangzhou Zhongan Hot Spring Company Limited* (杭州眾安溫泉浴場有限公司), a company incorporated in the PRC with limited liability, is principally engaged in the business of operating of hot spring hotel and related business in the PRC.

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE AGREEMENT

Lin An City (臨安市) is a county-level city in Hangzhou, Zhejiang Province of China. It is located in the northwestern Zhejiang. The city is rich in natural resources, abundant in rainfall, and has a warm climate. The city is covered with mountains, lakes, forest and hot springs.

The Company is principally engaged in American ginseng trading business. Since the change of company name in September 2016, the Company has been actively exploring various healthcare related projects, including general hospitals, specialty hospitals, health check centers and senior housing in the PRC in order to develop a healthcare services network to capture China's fast-growing healthcare space. As mentioned in the annual report of the Company for the year ended 31 December 2016, it is the Group's strategy to explore possibilities of engaging in new business in order to maximize returns to the Shareholders and to broaden the source of income of the Group. The Directors believe the Project Company, which will commence the business in development of the villas and a medical and health check centre, has the potential to make future contribution to the Group and facilitate sustainable development of the Group. The Directors consider that the Capital Injection in the Project Company is consistent with the long-term development strategy of the Groups and is in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are fair and reasonable and on normal commercial terms and that the Capital Injection is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in relation to the Capital Injection is more than 5% but less than 25%, the Capital Injection constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Agreement”	the agreement dated 17 July 2017 entered into by Zhejiang Huijun and the Project Partner in relation to the Capital Injection and the joint development of the Lin An Site
“Board”	the board of Directors
“Capital Injection”	capital injection by Zhejiang Huijun of RMB102 million into the Project Company for the formation of a joint venture company to be held by Zhejiang Huijun and the Project Partner as to 51% and 49% of the enlarged registered capital of the Project Company respectively
“Company”	Qianhai Health Holdings Limited (前海健康控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange (stock code: 0911)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Land Use Right Grant Contract”	Land Use Rights Grant Contract (國有建設用地使用權出讓合同) dated 11 July 2017 entered into between the Project Partner and the Land Bureau in respect of the Lin An Site
“Land Bureau”	臨安市國土資源局 (Lin An Municipal Bureau of National Land and Resource)
“Project Company”	杭州臨安眾安匯尊溫泉度假村有限公司 (Hangzhou Linan Zhongan Huijun Hot Spring Company Limited*), a company incorporated in 12 July 2017 with limited liability in the PRC for the co-development of the Lin An Site
“Project Partner”	杭州眾安溫泉浴場有限公司 (Hangzhou Zhongan Hot Spring Company Limited*), a company incorporated in the PRC with limited liability
“Project Party(ies)”	a party/parties to the Agreement, namely Zhejiang Huijun and/or the Project Partner, as the case may be
“Lin An Site”	a site located at Tuanyuan Village, Tuankou Town, Linan City, Hangzhou Province, the PRC (中國杭州省臨安市湍口鎮湍源村)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the Share(s) of the Company
“Share(s)”	ordinary share(s) of the Company
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Zhejiang Huijun”

浙江匯尊投資管理有限公司 (Zhejiang Huijun Investment Management Limited*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company

“%”

per cent

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.15. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

On behalf of the Board
Qianhai Health Holdings Limited
George Lu
Chairman & Chief Executive Officer

Hong Kong, 17 July 2017

As at the date of this announcement, the executive Directors are Mr. George Lu, Mr. Yeung Wing Kong and Mr. Wong Kwok Ming; the non-executive Director is Mr. Yeung Wai Fai Andrew and the independent non-executive Directors are Mr. Li Wei, Mr. Wu Wai Leung Danny and Mr. Yuen Chee Lap Carl.

* For identification purposes only