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美瑞健康国际产业集团  
Meilleure Health International Industry Group

**MEILLEURE HEALTH INTERNATIONAL INDUSTRY GROUP LIMITED**  
**美瑞健康國際產業集團有限公司**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 2327)**

**CONNECTED TRANSACTION  
IN RELATION TO  
THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL AND  
SHAREHOLDER'S LOAN OF A WHOLLY-OWNED SUBSIDIARY**

**THE AGREEMENT**

The Board announces that on 20 November 2020 (after trading hours of the Stock Exchange), the Vendor (a direct wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing the entire issued share capital, and the Shareholder's Loan of the Target Company at an aggregate consideration of HK\$62,740,000.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Purchaser is indirectly wholly-owned by Mr. Zhou Xuzhou, an executive Director and controlling shareholder of the Company. Accordingly, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules and the Disposal constitutes a connected transaction of the Company.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are less than 5% but more than 0.1%, the Disposal is only subject to the reporting and announcement requirements and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## **THE AGREEMENT**

Date: 20 November 2020 (after trading hours of the Stock Exchange)

Parties: (1) Yee Sheng Enterprises Company Limited, as the purchaser  
(2) Meilleure Hemp International Holdings Limited, as the vendor

The Purchaser is an investment holding company incorporated in Hong Kong with limited liability on 9 July 1999. As at the date of this announcement, the Purchaser is indirectly wholly-owned by Mr. Zhou Xuzhou, who is an executive Director and controlling shareholder of the Company.

### **Assets to be disposed of**

Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing the entire issued share capital, and the Shareholder's Loan of the Target Company.

### **Consideration**

The Consideration payable for the Disposal is HK\$62,740,000, which shall be satisfied by the Purchaser by cheque or by way of bank transfer to the Vendor (or such person(s) as may be nominated by the Vendor) in the following manners (or such other date as the Vendor and Purchaser may agree in writing):

- (i) as to HK\$18,900,000 on or before 31 December 2020 (the "**First Installment**");
- (ii) as to HK\$12,600,000 on or before 30 June 2021 (the "**Second Installment**"); and
- (iii) as to the remaining balance of HK\$31,240,000 on or before 31 December 2021 (the "**Final Installment**").

The Consideration for the Disposal was determined after arm's length negotiations with reference to, among other things, (i) a valuation of the fair value of the Property (as hereinafter defined) as at 31 December 2019 of approximately HK\$62,200,000 performed by Asia-Pacific Consulting and Appraisal Limited, an independent firm of professionally qualified valuers; (ii) the net book value of the net liabilities (excluding the Property) of the Target Company as at 30 September 2020 of approximately HK\$37,426,000; and (iii) the shareholder's loan as at 30 September 2020 in the sum of approximately HK\$37,966,000 due to the Vendor by the Target Company.

## Condition Precedents

The Completion is conditional upon fulfillment of, inter alia, the followings:

- (i) all requisite consents, authorisations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the Agreement having been obtained by the Vendor and the Purchaser; and
- (ii) the Mortgage (as hereinafter defined) in relation to the Property having been released and discharged in full.

The Purchaser may in its absolute discretion waive any conditions or any part of a condition (other than the condition referred to in (i) above) at any time by notice in writing to the Vendor. Such waiver is without prejudice to the Vendor's obligations to satisfy, as soon as possible after the Completion, any waived conditions (or part of any condition).

In the event that not all of the conditions are fulfilled, or waived by the Purchaser pursuant to the Agreement, as the case may be, by 31 December 2020, then the Purchaser shall not be bound to proceed with the sale and purchase of the Sale Shares and the Shareholder's Loan and the Purchaser shall be entitled to terminate this Agreement by notice in writing to the Vendor.

## Completion

The Completion Date shall be on the day the First Installment is made by the Purchaser after all the conditions are being satisfied (or being waived) or such other date as the parties under the Agreement may agree in writing.

The Purchaser undertakes to deliver to the Vendor (or such person(s) as may be nominated by the Vendor) on the Completion Date a duly executed tenancy agreement in relation to the Property in a form satisfactory to the Vendor, whereby the Target Company as the landlord agrees to lease the Property to the Vendor (or such person(s) as may be nominated by the Vendor) for a term of two years with two years' rent-free period effective from the Completion Date (the "**New Tenancy Agreement**").

As at the date of this announcement, the Purchaser is indirectly wholly-owned by Mr. Zhou Xuzhou, an executive Director and controlling shareholder of the Company. Accordingly, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the New Tenancy Agreement constitute continuing connected transactions of the Company under the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the value of the right-of-use asset in connection with the New Tenancy Agreement are less than 5% and the total amount is less than HK\$3 million, the continuing connected transaction under the New Tenancy Agreement is fully exempted under Rule 14A.76(1).

## **Post-completion obligation of the Purchaser**

The Purchaser shall pay or cause to be paid to the Vendor (or such person(s) as may be nominated by the Vendor) the Second Installment and the Final Installment pursuant to the stipulated timeframes above.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company incorporated in Hong Kong with limited liability on 27 August 1991 and is principally engaged in trading of healthcare products, property investment and leasing. As at the date of this announcement, the Target Company owns a property located at Office 6, 29th Floor, Tower 1, Lippo Centre, 89 Queensway, Central, Hong Kong (the “**Property**”), which is currently subject to a mortgage in favour of Nanyang Commercial Bank, Limited dated 25 November 2016 (the “**Mortgage**”).

## **FINANCIAL INFORMATION OF THE TARGET COMPANY**

The audited financial information of the Target Company for the two financial years ended 31 December 2018 and 2019 are set out below:

	<b>For the year ended 31 December</b>	
	<b>2018</b>	<b>2019</b>
	(audited)	(audited)
	(HK\$'000)	(HK\$'000)
Net profit/(loss) before taxation	8,087	(2,462)
Net profit/(loss) after taxation	8,107	(2,462)

## **POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL**

Immediately following the Completion, the Target Company will cease to be subsidiary of the Company. Therefore, the financial results and position of the Target Company will no longer be consolidated with the financial statements of the Group since then.

Based on (i) the net carrying value of the net assets of the Target Company of approximately HK\$12,649,000 as at 31 October 2020; and (ii) the shareholder's loan in the sum of approximately HK\$38,022,000 due to the Vendor by the Target Company as at 31 October 2020, the Group expects to realise a possible gain on Disposal of approximately HK\$12,069,000, being the difference between (i) the amount of Consideration; and (ii) the sum of the net carrying value of the net assets of the Target Company and the amount of shareholder's loan as abovementioned, and this figure may change depending on the actual net carrying value of the net assets of the Target Company and the actual amount of the Shareholder's Loan upon the Completion and is subject to final audit to be performed by the Company's auditors.

The proceeds from the Disposal (net of relevant costs and expenses in connection with the Disposal) are expected to be used as general working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Company is principally engaged in investment holding. The Group is principally engaged in healthcare related business, trading business, agency business, properties investment and leasing business as well as properties development business.

Taking into account of the current financial position and business operation of the Group, the Directors believe that the Disposal represents a good opportunity for the Company to realise the value of the Target Company and the Property at a favourable price and the proceeds from the Disposal will improve the financial position and increase the general working capital of the Group.

In view of the above, the Directors (including the independent non-executive Directors but excluding Mr. Zhou Xuzhou who had abstained from voting on the resolutions of the Board in view of his material interest in the Disposal) are of the view that the terms of the Disposal were entered into on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

## **LISTING RULES IMPLICATION**

As at the date of this announcement, the Purchaser is indirectly wholly-owned by Mr. Zhou Xuzhou, an executive Director and controlling shareholder of the Company. Accordingly, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules and the Disposal constitutes a connected transaction of the Company.

As the applicable percentage ratios in respect of the Disposal are less than 5% but more than 0.1%, the Disposal is only subject to the reporting and announcement requirements and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save for Mr. Zhou Xuzhou (who is an executive Director and controlling shareholder of the Company) who have material interest in the Disposal and have therefore abstained from voting on the relevant resolution of the Board approving the Disposal, none of the other Directors has material interest in the Disposal and is required to abstain from voting on the relevant resolution.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Agreement”	the agreement dated 20 November 2020 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Company”	Meilleure Health International Industry Group Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms of the Agreement
“Completion Date”	the day when the First Installment by the Purchaser is made after all the conditions are being satisfied (or being waived) or such other date as the parties under the Agreement may agree in writing
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the aggregate consideration payable by the Purchaser for the Sale Shares and the Shareholder’s Loan, being HK\$62,740,000
“Disposal”	the disposal of the Sale Shares and the Shareholder’s Loan pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Purchaser”	Yee Sheng Enterprises Company Limited (宇城實業有限公司), a company incorporated in Hong Kong with limited liability
“Sale Shares”	200 shares of the Target Company, representing its entire issued share capital
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loan”	all sum of money advanced by way of loan by the Vendor to the Target Company up to the Completion Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Tech-Medi Development Limited (德馨醫藥開發有限公司), a company incorporated in Hong Kong with limited liability
“Vendor”	Meilleure Hemp International Holdings Limited (瑞麻國際控股有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

By order of the Board  
**Meilleure Health International Industry Group Limited**  
**Zhou Wen Chuan**  
*Executive Director and Chief Executive Officer*

Hong Kong, 20 November 2020

*As at the date of this announcement, the Board comprises Mr. Zhou Xuzhou, Dr. Zeng Wentao and Ms. Zhou Wen Chuan as executive Directors, Dr. Mao Zhenhua as non-executive Director and Mr. Gao Guanjiang, Professor Chau Chi Wai, Wilton and Mr. Wu Peng as independent non-executive Directors.*