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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO**

- (1) THE DISPOSAL OF 60% OF THE ISSUED SHARE CAPITAL OF
A NON-WHOLLY OWNED SUBSIDIARY; AND
(2) THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN
A PRC ENTITY**

THE AGREEMENT

The Board announces that on 14 December 2020 (after trading hours of the Stock Exchange), Vendor A (also in the capacity as Purchaser B) (an indirect wholly-owned subsidiary of the Company), Purchaser A and Vendor B (an indirect wholly-owned subsidiary of the BVI Target Company and an indirect non-wholly owned subsidiary of the Company before the Completion) entered into the Agreement, pursuant to which (i) Vendor A has agreed to sell and Purchaser A has agreed to acquire the BVI Sale Shares, representing 60% of the issued share capital of the BVI Target Company at an aggregate consideration of HK\$25,200,000; and (ii) Vendor B has agreed to sell and Purchaser B (or such person(s) as may be nominated by Purchaser B) has agreed to acquire the PRC Sale Shares, representing the entire equity interest of the PRC Target Company (an indirect non-wholly owned subsidiary of the Company) at an aggregate consideration of HK\$7,200,000.

LISTING RULES IMPLICATION

According to Rule 14.24 of the Listing Rules, the Disposal and the Acquisition will be classified by reference to the larger of the Disposal or the Acquisition.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but is less than 25%, both the Disposal and the Acquisition constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, and are subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, Purchaser A holds approximately 27.27% of the issued share capital of the BVI Target Company and accordingly is its substantial shareholder. Purchaser A is therefore a connected person at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Accordingly, the Disposal and the Acquisition constitute connected transactions of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) Purchaser A is a connected person at the subsidiary level; (ii) the Board has approved the Disposal and the Acquisition; and (iii) the independent non-executive Directors have confirmed that the terms of the Disposal and the Acquisition are fair and reasonable and the Disposal and the Acquisition are on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Disposal and the Acquisition are subject to the reporting and announcement requirements, and are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE AGREEMENT

The Board is pleased to announce that on 14 December 2020 (after trading hours of the Stock Exchange), Vendor A (also in the capacity as Purchaser B) (an indirect wholly-owned subsidiary of the Company), Purchaser A and Vendor B (an indirect wholly-owned subsidiary of the BVI Target Company and an indirect non-wholly owned subsidiary of the Company before the Completion) entered into the Agreement, pursuant to which (i) Vendor A has agreed to sell and Purchaser A has agreed to acquire the BVI Sale Shares, representing 60% of the issued share capital of the BVI Target Company at an aggregate consideration of HK\$25,200,000; and (ii) Vendor B has agreed to sell and Purchaser B (or such person(s) as may be nominated by Purchaser B) has agreed to acquire the PRC Sale Shares, representing the entire equity interest of the PRC Target Company (an indirect non-wholly owned subsidiary of the Company) at an aggregate consideration of HK\$7,200,000.

Date: 14 December 2020 (after trading hours of the Stock Exchange)

Parties: (1) Meilleure Group Health Service Company Limited, as Vendor A or Purchaser B (as the case may be), an indirect wholly-owned subsidiary of the Company

(2) Taiyue Inc., as Purchaser A

(3) La Clinique de Paris Health Group Limited, as Vendor B

Purchaser A is an investment holding company incorporated in the Republic of Mauritius with limited liability. As at the date of this announcement, Purchaser A owned approximately 27.27% of the issued share capital of the BVI Target Company and is therefore a connected person at the subsidiary level according to Rule 14A.07(1) of the Listing Rules.

As at the date of this announcement and before Completion, Vendor B is an indirect wholly-owned subsidiary of the BVI Target Company and an indirect non-wholly owned subsidiary of the Company. Vendor B is principally engaged in investment holding.

Disposal

Pursuant to the Agreement, Vendor A has agreed to sell and Purchaser A has agreed to acquire the BVI Sale Shares, representing 60% of the issued share capital of the BVI Target Company.

BVI Consideration

The BVI Consideration payable by Purchaser A to Vendor A for the sale and purchase of the BVI Sale Shares shall be in the total sum of HK\$25,200,000, which shall be satisfied by Purchaser A in the following manners (or such other date as Vendor A and Purchaser A may agree in writing):

- (i) as to HK\$7,200,000 to be set off against the PRC Consideration which shall be payable by Purchaser B (or such person(s) as may be nominated by Purchaser B) to Vendor B for the sale and purchase of the PRC Sale Shares; and
- (ii) as to HK\$18,000,000 on the Completion Date.

The BVI Consideration for the Disposal was determined after arm's length negotiations with reference to the valuation of the BVI Sales Shares, in the value of approximately HK\$25,200,000 which was determined based on the market approach, as at the valuation date of 30 November 2020 prepared by an independent and qualified valuer.

Acquisition

Pursuant to the Agreement, Vendor B has agreed to sell and Purchaser B has agreed to acquire the PRC Sale Shares, representing the entire equity interest of the PRC Target Company.

PRC Consideration

The PRC Consideration payable by Purchaser B (or such person(s) as may be nominated by Purchaser B) to Vendor B shall be in the total sum of HK\$7,200,000. For the avoidance of doubt, Vendor B agrees that the set off above shall deem to be a full and final settlement of the PRC Consideration payable by Purchaser B (or such person(s) as may be nominated by Purchaser B) to Vendor B, and Vendor B shall have no further recourse or claim against Purchase B whatsoever in relation to the PRC Consideration.

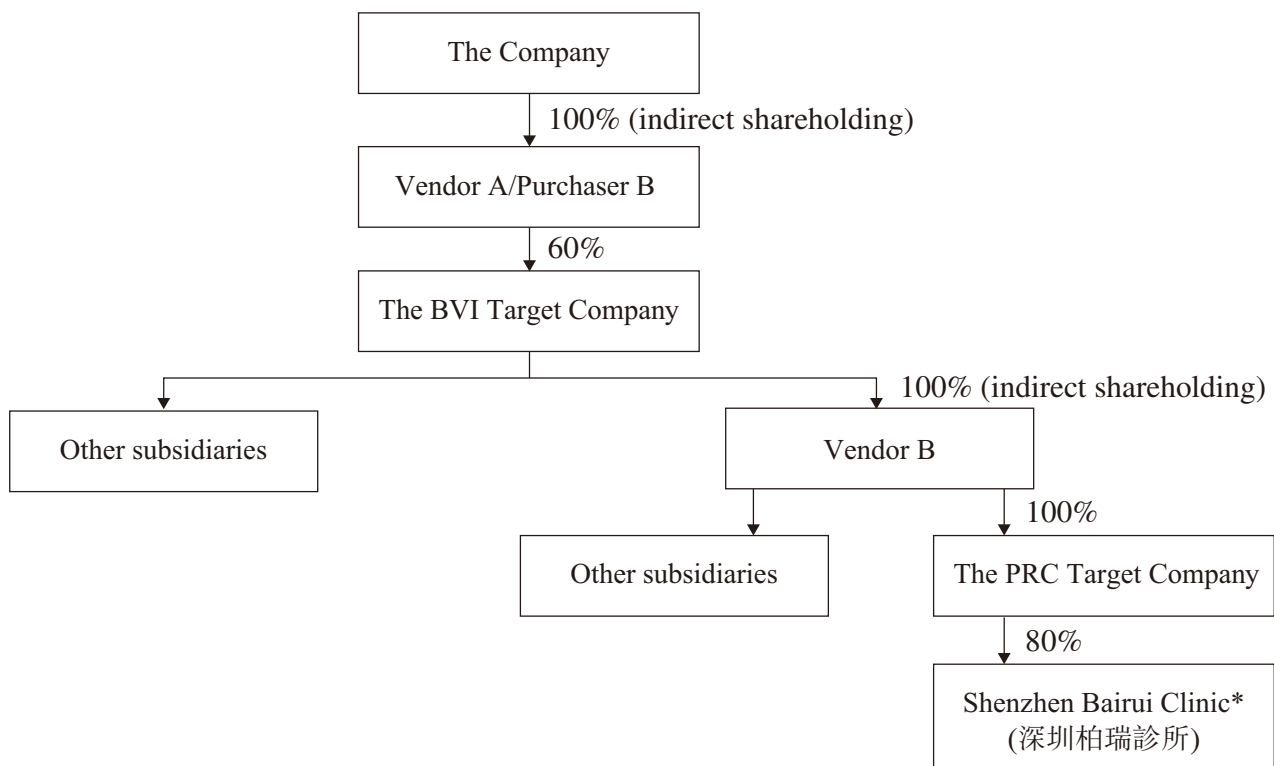
The PRC Consideration for the Acquisition was determined after arm's length negotiations with reference to the sum of the net carrying value of the net assets of the PRC Target Group attributable to the PRC Sales Shares as at 31 October 2020 which are prepared under the PRC Generally Accepted Accounting Principles (excluding the goodwill of the PRC Target Group of approximately HK\$18.5 million).

Completion

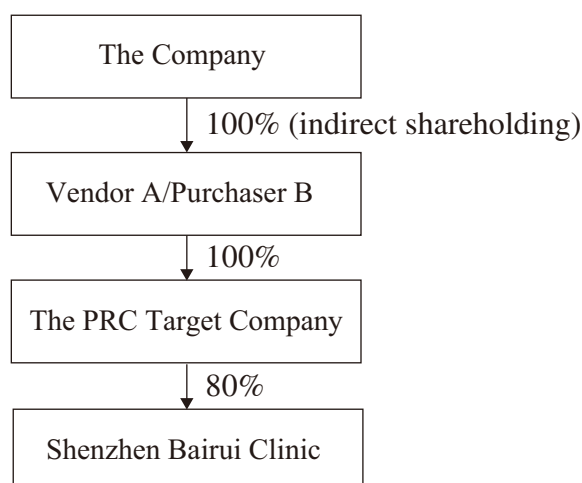
Completion of the Disposal and the Acquisition will take place simultaneously. The Completion Date shall be on the seventh business day after the date of the Agreement or such other date as the parties under the Agreement may agree in writing.

Immediately following the completion of the Disposal and the Acquisition, the Group will cease to have interest in the BVI Target Company, and the BVI Target Group will cease to be subsidiaries of the Company. Therefore, the financial results and position of the BVI Target Group will no longer be consolidated with the financial statements of the Group since then.

The following simplified chart demonstrates the corporate structure of the Group before the Completion:



The following simplified chart demonstrates the corporate structure of the Group upon the Completion:



INFORMATION OF THE BVI TARGET GROUP

The BVI Target Company is a company incorporated in the British Virgin Islands with limited liability on 20 September 2006 and is an investment holding company. As at the date of this announcement, the BVI Target Group is principally engaged in the provision of health management services in Hong Kong and Shanghai.

FINANCIAL INFORMATION OF THE BVI TARGET GROUP

The unaudited net assets value of the BVI Target Group as at 30 June 2020 is approximately HK\$21.5 million.

The financial information of the BVI Target Group as extracted from the Group's consolidated financial statements for the two financial years ended 31 December 2018 and 2019 and condensed consolidated financial statements for the six months ended 30 June 2020 are set out below:

	For the year ended 31 December		For the six months ended 30 June
	2018	2019	2020
	(audited)	(audited)	(unaudited)
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Net (loss)/profit before taxation	(3,870)	(17,311)	2,574
Net (loss)/profit after taxation	(3,140)	(17,637)	2,085

POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL

Based on the net carrying value of the net assets of the BVI Target Group attributable to the BVI Sales Shares of approximately HK\$24.2 million as at 31 October 2020, the Group expects to realise a possible gain on the Disposal of approximately HK\$1 million, being the difference between (i) the amount of the BVI Consideration; and (ii) the sum of the net carrying value of the net assets of the BVI Target Group attributable to the BVI Sales Shares, and this figure may change depending on the actual net carrying value of the net assets of the BVI Target Group attributable to the BVI Sales Shares upon the Completion and is subject to final audit to be performed by the Company's auditors.

The proceeds from the Disposal (after setting off against the PRC Consideration and net of relevant costs and expenses in connection with the Disposal and the Acquisition) are expected to be used as general working capital of the Group.

INFORMATION OF THE PRC TARGET GROUP

The PRC Target Company is a company established in the PRC with limited liability on 28 November 2016 and is principally engaged in investment holding. As at the date of this announcement, the PRC Target Company owns as to 80% of the equity interest of Shenzhen Bairui Clinic, a limited liability company registered under the PRC law, which is principally engaged in the provision of health management services in the PRC.

FINANCIAL INFORMATION OF THE PRC TARGET GROUP

The unaudited net assets value of the PRC Target Group as at 30 June 2020 is approximately HK\$19.8 million.

The financial information of the PRC Target Group as extracted from the Group's consolidated financial statements for the two financial years ended 31 December 2018 and 2019 and condensed consolidated financial statements for the six months ended 30 June 2020 are set out below:

	For the year ended 31 December		For the six months ended 30 June
	2018	2019	2020
	(audited)	(audited)	(unaudited)
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Net (loss)/profit before taxation	(12,041)	(23,103)	4,058
Net (loss)/profit after taxation	(11,780)	(22,300)	3,101

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE ACQUISITION

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.

The BVI Target Group is principally engaged in the provision of health management services in Hong Kong and Shanghai. Its performance is unsatisfactory and has recorded losses of approximately HK\$3.1 million and HK\$17.6 million for the financial years ended 31 December 2018 and 31 December 2019, and a minimal profit of approximately HK\$2.1 million for the six months ended 30 June 2020 respectively. Due to the unsatisfactory performance of the BVI Target Group, the Company would like to dispose of the BVI Target Group and focus its resources on developing its health management business in the PRC Target Group, which has better potential compared to that of the BVI Target Group, hence the Group believes that the Acquisition, which will result in the PRC Target Company becoming a wholly-owned subsidiary of the Company, can strengthen its financial position by focusing the development of the health management business currently engaged by the PRC Target Group in the PRC market.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement in relation to the Disposal and the Acquisition 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. None of the Directors has a material interest in the transactions contemplated under the Agreement or is required to abstain from voting from the Board resolutions for considering and approving the same.

LISTING RULES IMPLICATION

According to Rule 14.24 of the Listing Rules, the Disposal and the Acquisition will be classified by reference to the larger of the Disposal or the Acquisition.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but is less than 25%, both the Disposal and the Acquisition constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, and are subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, Purchaser A holds approximately 27.27% of the issued share capital of the BVI Target Company and accordingly is its substantial shareholder. Purchaser A is therefore a connected person at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Accordingly, the Disposal and the Acquisition constitute connected transactions of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) Purchaser A is a connected person at the subsidiary level; (ii) the Board has approved the Disposal and the Acquisition; and (iii) the independent non-executive Directors have confirmed that the terms of the Disposal and the Acquisition are fair and reasonable and the Disposal and the Acquisition are on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Disposal and the Acquisition are subject to the reporting and announcement requirements, and are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the PRC Sale Shares pursuant to the Agreement
“Agreement”	the agreement dated 14 December 2020 entered into between Vendor A (also in the capacity as Purchaser B), Purchaser A and Vendor B in relation to the Disposal and the Acquisition
“Board”	the board of Directors
“BVI Consideration”	the aggregate consideration payable by Purchaser A for the BVI Sale Shares, being HK\$25,200,000
“BVI Sale Shares”	60% of the issued share capital of the BVI Target Company
“BVI Target Company”	La Clinique de Paris International Limited, a company incorporated in the British Virgin Islands with limited liability
“BVI Target Group”	the BVI Target Company and its subsidiaries (other than the PRC Target Group)
“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 and the Acquisition in accordance with the terms of the Agreement
“Completion Date”	the seventh business day after the date of the Agreement 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
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the BVI Sale Shares pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and Macau Special Administrative Region of the PRC
“PRC Consideration”	the aggregate consideration payable by Purchaser B for the PRC Sale Shares, being HK\$7,200,000
“PRC Sale Shares”	the entire equity interest of the PRC Target Company
“PRC Target Company”	Bairui (Shenzhen) Health Management Company Limited* (柏瑞(深圳)健康管理有限公司), a company established in the PRC with limited liability
“PRC Target Group”	the PRC Target Company and its subsidiary
“Purchaser A”	Taiyue Inc., a company incorporated in the Republic of Mauritius with limited liability
“Purchaser B” or “Vendor A”	Meilleure Group Health Service Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor B”	La Clinique de Paris Health Group Limited, a company incorporated with limited liability in Hong Kong, and an indirect wholly-owned subsidiary of the BVI Target Company and an indirect non-wholly owned subsidiary of the Company before the Completion
“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, 14 December 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.

* *For identification purpose only*