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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Reference is made to the annual report of Meilleure Health International Industry Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2020 which was published on 22 April 2021 (the “**2020 Annual Report**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the 2020 Annual Report.

SUPPLEMENTAL INFORMATION TO THE 2020 ANNUAL REPORT IN RELATION TO THE SHARE OPTION SCHEME

In addition to the information provided in the 2020 Annual Report, the Board would like to provide further information under the section headed “Share Option Schemes” in the Directors’ Report on pages 22 to 23 of the 2020 Annual Report.

On 12 May 2020, the Company granted an aggregate of 26,568,000 share options (the “**Share Option(s)**”) to 22 grantees, who are non-employees of the Group, pursuant to the Share Option Scheme. The 22 grantees can be divided into three categories. Details of the number of the Share Options granted to each category of grantees and the Board’s reasons for granting the Share Options to each category of grantees are as follows:

(i) Directors and senior management of invested entities

An aggregate of 15,528,000 Share Options were granted to 11 directors and senior management, namely Ms. Jiang Shu (姜舒), Mr. Peng Shijian (彭世鍵), Mr. Tian Liangrui (田良銳), Ms. Wu Chengqin (吳成琴), Mr. Jiang Xiong (江雄), Mr. Cen Piaoshang (岑飄尚), Mr. Zhang Jinfeng (張金鋒), Mr. Cheng Jianfeng (程建峰), Mr. Zheng Jun (鄭俊), Mr. Dai Wei (戴蔚) and Mr. Jin Lei (金磊), of two invested entities of the Group, namely Shenzhen Wingor and Shenzhen Meiray Vap. These directors and senior management, who are all PRC nationals, include key management personnel who oversee the operations of the invested entities.

To the best of the knowledge, information and belief of the Directors, these 11 directors and senior management of Shenzhen Wingor and Shenzhen Meiray Vap are third parties independent of the Company and its connected persons.

The Group invested in Shenzhen Wingor since February 2019. The size of the investment in Shenzhen Wingor as calculated by the carrying amount of investment in Shenzhen Wingor as at 31 December 2020, which is HK\$65,498,000, divided by the Group's total assets as at 31 December 2020, which is HK\$1,702,860,000, is 3.85%, which the Board considers to be significant. In addition, the Group has a 45% stake in Shenzhen Wingor as at 31 December 2020 and hence, the business performance of Shenzhen Wingor could have a significant impact on the business performance of the Group. Shenzhen Wingor is engaged in the research and development of stem cell products and the provision of health management consulting and medical treatment services. The Group and Shenzhen Wingor may explore cross-selling opportunities, which will generate synergy for both parties. As such, the Company considers Shenzhen Wingor to be an important investment with significant strategic value.

The Group invested in Shenzhen Meiray Vap since December 2019. The size of the investment in Shenzhen Meiray Vap as calculated by the carrying amount of investment in Shenzhen Meiray Vap as at 31 December 2020, which is HK\$3,666,000, divided by the Group's total assets as at 31 December 2020, which is HK\$1,702,860,000, is 0.22%. Notwithstanding the relatively small size of this investment in money terms, this investment is important for the Group. The business of Shenzhen Meiray Vap is mainly the manufacturing and sales of vapor equipment, and the Company considers that vapor equipment has great potentials and will be one of the business focuses of the Group in the future. In particular, the Group intends to explore the opportunities associated with CBD vapor equipment, and intend to sell CBD vapor equipment to the overseas markets. Therefore, the Company believes that the Group's investment in Shenzhen Meiray Vap will bring strategic value to the Group. The Group has a 45% stake in Shenzhen Meiray Vap as at 31 December 2020 and business growth of Shenzhen Meiray Vap could significantly improve the business performance of the Group.

Both Shenzhen Wingor and Shenzhen Meiray Vap are accounted for in the Company's accounts using equity method of accounting.

Given the importance of Shenzhen Wingor and Shenzhen Meiray Vap to the Group and the key roles and responsibilities performed by the 11 grantees in Shenzhen Wingor and Shenzhen Meiray Vap, the Board considers that it is desirable to grant Share Options to these grantees to incentivise them to improve their performance efficiency and align their interests with those of the Group.

Of the 15,528,000 Share Options granted to these grantees, the vesting and exercise of an aggregate of 13,008,000 Share Options granted to two directors of the invested entities is subject to the satisfaction of certain performance targets of Shenzhen Wingor and Shenzhen Meiray Vap, respectively, including annual performance targets for the years ending 31 December 2020, 2021, 2022 and 2023 of Shenzhen Wingor and Shenzhen Meiray Vap and the achievement of certain research and development milestones for certain pharmaceutical products developed by Shenzhen Wingor. Such pharmaceutical products are stem cell products, and the successful research and development and commercialisation of these products mark a significant breakthrough in the stem cell field and could significantly improve the financial performance of Shenzhen Wingor, thereby improving the financial performance of the Group. These performance targets tie the performance of the invested entities with the benefits to be received by these directors, thereby motivating them to improve the performance of the invested entities.

Of the 15,528,000 Share Options, 2,520,000 Share Options that were granted to nine directors and senior management of the invested entities are not subject to the satisfaction of any performance targets. The nine directors and senior management are employees of Shenzhen Meiray Vap, and they are all members of the team led by a Shenzhen Meiray Vap director (the “**Shenzhen Meiray Vap Director**”) who is among the two directors that are subject to the performance targets. Given that performance targets have been set for the Shenzhen Meiray Vap Director and these nine directors and senior management assist the Shenzhen Meiray Vap Director’s work, and taking into account the small number of Share Options granted to these directors and senior management, the Board has decided not to set any performance targets for the nine directors and senior management of Shenzhen Meiray Vap.

Although the Share Options granted to the nine directors and senior management are not subject to any performance targets, such Share Options will incentivise them to improve their performance efficiency for the benefit of Shenzhen Meiray Vap and eventually, for the benefit of the Group given the Group’s 45% stake in Shenzhen Meiray Vap. Meanwhile, as performance targets have been set for the Shenzhen Meiray Vap Director, the Company believes that the Shenzhen Meiray Vap Director will urge the nine directors and senior management to improve their performance so as to assist him in achieving the performance targets. Therefore, the grant of Share Options to the nine directors and employees can achieve the purpose of the Share Option Scheme.

(ii) Management consultant

1,002,000 Share Options were granted to a management consultant, Mr. Wei Jing (魏靖), a PRC national who provides management consultancy services to the Group by the Board.

Prior to his engagement as a management consultant by the Group, he worked as a management personnel of the Group, during which time he was responsible for project procurement, business development, management of working teams and assisting the chief executive officer in the accomplishment of strategic plans of the Company.

To the best of the knowledge, information and belief of the Directors, the management consultant is a third party independent of the Company and its connected persons.

The management consultant has expertise and skills in respect of the business operations of the Group including strategic planning, financial management and control, financing, marketing, team management, internal coordination, and government relations. He has played an important role in enabling the Group to achieve smooth operations. The Board considers that it is desirable to grant Share Options to him as rewards for his past contributions to the Group and as incentives to retain him and to motivate him to improve his performance for the benefit of the Group and to align his interest with that of the Group.

No performance target is set for the management consultant. As the management consultant is responsible for overseeing certain aspects of the business operations of the Group, the Board considers that setting a performance target for him is not as meaningful as for employees of the Group. Notwithstanding this, the Board considers that the grant of Share Options to the management consultant is fair and reasonable to the Company and its shareholders as a whole given the management consultant’s contributions and potential contributions to the Group, and considering the fact that the size of the grant is relatively insignificant given the management consultant’s roles and duties in the Group and the fact that the Share Options will be vested in four equal instalments in four years’ time. Additionally, the Share Options will help align the interests of the management consultant with those of the Company and its shareholders.

The grant of Share Options to the management consultant is also able to meet the purpose of the Share Option Scheme, notwithstanding no performance target is set. The Share Options can serve as reward for the management consultant's past contributions. As the Share Options granted to him will vest on him in four equal instalments in the next four years, the grant of Share Options will also help retain his services. It can align his interests with those of the Company and its shareholders, therefore it can also serve as an incentive for the management consultant to improve his performance for the benefit of the Group.

(iii) Sales agents

An aggregate of 10,038,000 Share Options were granted to 10 sales agents of the Group, namely Mr. Guo Leifeng (郭磊峰), Mr. Liu Lailin (劉來臨), Mr. Hu Hao (胡浩), Mr. Zhou Shengjun (周升俊), Mr. Chen Yihui (陳益輝), Mr. Chen Xu (陳旭), Mr. Wang Huihai (王慧海), Ms. Du Jing (杜靜), Ms. Liu Jian (劉建) and Mr. Fang Yubin (方玉彬), by the Board. These sales agents procure customers for the Group's healthcare products and services.

The 10 sales agents are PRC nationals who live in different parts of China. They have been engaged as sales agents by the Group due to their strong local connections which enable them to have an extensive customer base for the healthcare products and services of the Group.

These sales agents are management personnel of Yuye Group (宇業集團), a company controlled by the ultimate controlling shareholder, Mr. Zhou Xuzhou. One of the sales agents is Mr. Liu Lailin (劉來臨), a former executive Director of the Company who resigned from the position in May 2019 and has ceased to be a core connected person of the Company and does not have any other relationship with the Company and its connected persons. Notwithstanding such relationships, the Group has engaged them as sales agents solely because of their strong ability to bring in customers for the Group, and Share Options were granted to them solely in their capacity as the sales agents of the Group and no consideration has been given to their relationships with Yuye Group (宇業集團).

Save as disclosed above, to the best of the knowledge, information and belief of the Directors, the 10 sales agents are third parties independent of the Company and its connected persons.

These 10 sales agents have strong connections with the local society. Some of them are influential in the relevant business fields, Four of the 10 sales agents hold important positions in various industrial associations, such as the executive chairman of the Jiangsu Provincial Hunan Chambers of Commerce, the vice chairman of Anhui Centre of Society of Entrepreneurs & Ecology, SSE, and the acting vice chairman of Jiangsu Siyang Real Estate Institute, which enable them to have a large potential customer base. The engagement of these sales agents by the Group will significantly increase the Group's customer reach for its healthcare business. The customers procured by these sales agents are important sources of revenue for the healthcare business of the Group, and these sales agents are expected to bring in an increasingly larger number of customers. The Board considers that it is desirable to grant Share Options to these sales agents as rewards for their past contributions and as incentives to motivate them to bring in more customers and to align their interests with those of the Group.

No performance target is set for the vesting and exercise of the Share Options by these sales agents after taking into consideration their contributions and potential contributions to the Group and the relatively small number of Share Options granted to them.

Given the above, and considering that the fees payable to these sales agents are relatively low and the size of the grant of Share Options is not significant, also considering the fact that the Share Options will be vested in four equal instalments in four years' time, the Board considers that the grant of Share Options to the 10 sales agents is fair and reasonable to the Company and its shareholders as a whole. Additionally, the Share Options will help align the interests of the sales agents with those of the Company and its shareholders, thereby enabling the sales agents to act in the best interests of the Company and its shareholders.

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

Hong Kong, 27 September 2021

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.