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## **Bonjour Holdings Limited**

**卓悦控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 653)**

### **DISCLOSEABLE TRANSACTION: DISPOSAL OF A SUBSIDIARY**

On 20 August 2014 (after trading hours), the Purchaser and the Company entered into the Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company at a consideration of HK\$423,780,000 to be satisfied by the allotment and issue of the Consideration Shares by the Purchaser to the Vendor (or its nominee).

The disposal of the Sale Shares contemplated under the Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 20 August 2014 (after trading hours), the Purchaser and the Vendor entered into the Agreement. The principal terms of the Agreement are set out below:

## **THE AGREEMENT**

- Date** : 20 August 2014
- Vendor** : Bonjour Group Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company.
- Purchaser** : Town Health International Medical Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the Stock Exchange.

To the best of the Director's knowledge, information and belief having made all reasonable inquiry, each of the Purchaser and its ultimate beneficial owners is a third party independent of the Company and connected persons of the Company.

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

Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire 100% equity interests in the Target Company at the Consideration subject to the terms and conditions of the Agreement.

### **Consideration**

The Consideration is HK\$423,780,000 and shall be satisfied by the allotment and issue of the Consideration Shares by the Purchaser to the Vendor (or its nominee) at an issue price of HK\$1.16 per Consideration Share upon Completion.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser and with reference to (i) the reasons for the Disposal as discussed in the section headed "Reasons and benefits of the Disposal" below, as well as (ii) the earning after tax of the Target Group for the year ended 31 December 2013.

Subsequent to the Disposal, the Vendor will hold approximately 7.33% of the entire issued share capital of the Purchaser upon Completion. Furthermore, pursuant to the Agreement, Dr. Ip Chun Heng, Wilson, an executive Director of the Company, shall be appointed (i) an executive director of the Purchaser and (ii) the chairman and chief executive officer of the Target Group with effect from the Completion Date.

### **Conditions precedent**

Completion shall be conditional upon the following conditions precedent:

- (a) the sale and purchase of the Sale Shares, the allotment and issue of the Consideration Shares and other transactions as contemplated under the Agreement having been approved by the shareholders of the Purchaser (who are not required to abstain from voting in such respect under the Listing Rules or otherwise) at a special general meeting;

- (b) the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares;
- (c) the Purchaser being reasonably satisfied with the results of the due diligence exercise (whether on legal, accounting, financial, operational, properties or other aspects that the Purchaser may consider necessary) on the Target Group and its assets, liabilities, activities, operations, prospects and other status which the Purchaser, its agents or professional advisers think reasonably necessary and appropriate to conduct;
- (d) (if applicable) the receipt from the Vendor of all such waivers, consents or other documents as the Purchaser may require in relation to the completion of the transactions contemplated under the Agreement;
- (e) there is no Material Adverse Change or prospective Material Adverse Change in the Group's business, operations, financial conditions or prospects taken as a whole has occurred since the date of the Agreement;
- (f) the Purchaser being satisfied that, from the date of the Agreement and at any time before the Completion, that the Vendor's Warranties remain true, accurate and not misleading and that no events have occurred that would result in any breach of any of the Vendor's Warranties or other provisions of the Agreement by the Vendor.
- (g) there is no Material Adverse Change or prospective Material Adverse Change in the Purchaser's group's business, operations, financial conditions or prospects taken as a whole has occurred since the date of the Agreement;
- (h) the Vendor being satisfied that, from the date of the Agreement and at any time before the Completion, that the Purchaser's Warranties remain true, accurate and not misleading and that no events have occurred that would result in any breach of any of the Purchaser's Warranties or other provisions of the Agreement by the Purchaser;
- (i) (if applicable) the sale and purchase of the Sale Shares and other transactions contemplated under the Agreement having been approved by the shareholders of the holding company of the Vendor (who are not required to abstain from voting in such respect under the Listing Rules or otherwise) and have fulfilled any requirements under the Listing Rules;
- (j) (if applicable) the receipt from the Purchaser of all such waivers, consents or other documents as the Vendor may require in relation to the completion of the transactions contemplated under the Agreement;
- (k) the delivery of the Disclosure Letter by the Vendor to the Purchaser; and
- (l) completion of the Restructuring.

Conditions (a), (b), (d), (i), and (j) are not capable of being waived by any parties to the Agreement. The Purchaser may waive Conditions (c), (e), (f), (k) and (l). The Vendor may waive Conditions (g) and (h).

If any of the Conditions shall not have been fulfilled or (if applicable) waived at or before 5:00 p.m. on the Long Stop Date, all rights and obligations of the parties under the Agreement shall cease and terminate, save and except clauses in relation to confidentiality, costs and expenses, miscellaneous, notice and governing law and jurisdiction which provisions shall remain in full force and effect, and no party to the Agreement shall have any claim against the other save for claim (if any) in respect of any antecedent breach thereof.

## **Completion**

Completion of the Agreement shall take place on the third Business Day (or such other date as the Vendor and Purchaser may agree in writing) after the fulfillment and/or waiver (as the case may be) of the Conditions.

Upon Completion, the Vendor and the HK Company will enter into a loan agreement in a form and substance to be agreed by the Vendor and the Purchaser in relation to the loan of HK\$138 million owing by the Vendor to the HK Company (“**Loan**”) based on the terms set out below:

- (a) the Loan shall be for a term of two years for the Completion Date;
- (b) the Loan shall carry an interest rate of 3% per annum, calculated on the basis of the actual number of days elapsed and a 365-day year;
- (c) interest will be paid semi-annually in arrears since the Completion Date; and
- (d) the Vendor may at any time during the term of the Loan early repay the Loan in full together with the accrued interest up to and including the early repayment date by giving not less than ten Business Days’ prior written notice to the HK Company before the repayment date.

## **INFORMATION ON THE GROUP, THE PURCHASER AND THE TARGET COMPANY**

The Group is principally engaged in the retail and wholesale of brand name beauty and health-care products and the operation of beauty and health salons in Hong Kong.

The Purchaser is a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 3886). The Purchaser’s group is principally engaged in (i) healthcare business investments; (ii) provision and management of medical, dental and other healthcare related services; and (iii) investments and trading in properties and securities. To the best of the Directors’ knowledge, information and belief, and after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The Target Company is a company incorporated in the BVI with limited liability, the principal business of which is investment holding. After the Restructuring, the Target Company shall have 8 subsidiaries, namely, Bonjour Medical Science & Technology Beauty Center Limited, the HK Company, Speedwell Group Limited, Bonjour Beauty (Shanghai) Limited, Richly Fine Limited, Ace Advance Limited, 雅悦美容(上海)有限公司 (in English, for identification purpose, Ya Yue Beauty (Shanghai) Co., Ltd.) and Mega World (HK) Limited and be principally engaging in the operation of 19 beauty and health salons under the brands of “About Beauty”, “Dr. Protalk” and “Top Comfort” in Hong Kong, Macau and the PRC.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

As at 31 December 2013, the unaudited consolidated total assets and net assets (liabilities) value of the Target Company (assuming completion of the Restructuring having taken place) amounted to approximately HK\$253,642,211 and HK\$(8,071,000) respectively.

The unaudited consolidated financial information of the Target Company (assuming completion of the Restructuring having taken place) for the year ended 31 December 2012 and the year ended 31 December 2013 is set out below:

	<b>For the year ended 31 December 2012</b>	<b>For the year ended 31 December 2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	303,048	318,341
<b>Net Profit before tax</b>	38,206	44,234
<b>Net Profit after tax</b>	29,487	35,315

## REASONS AND BENEFITS OF THE DISPOSAL

It is the Group’s intention to consolidate and focus on developing the retail and wholesale of brand name beauty and health-care products business, which is the core business of the Group. The Disposal will serve as an opportunity for the Group to streamline its business, thereby enhancing efficiency, the decision making process and its responsiveness to market changes.

Furthermore, pursuant to the Agreement, the Company will become a shareholder of the Purchaser, with approximately 7.33% shareholding interest upon Completion. Given such arrangement, the Directors are of the view that the Company will share the benefits derived from the synergy created by the Disposal through its interests and shareholding in the Purchaser.

The terms of Agreement were determined after arm’s length negotiations between the Vendor and the Purchaser thereto and the Directors are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Group shall not hold any equity interest in the Target Company, where the Target Company and each member of the Target Group will cease to be a subsidiary of the Group and its assets and liabilities and its profits and losses will no longer be consolidated into the consolidated financial statements of the Company.

It is expected that the Group shall record an unaudited accounting gain of approximately HK\$420 million from the Disposal, being the difference between the Consideration and (i) the estimated unaudited consolidated net asset value of the Target Group recorded in the Group's accounts at Completion, and (ii) the statutory and other reserves, the foreign currency translation reserve in respect of the Target Group reclassified from equity to profit on the Disposal. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the Company's auditors.

## IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios under Chapter 14 of the Listing Rules for the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

<b>“Agreement”</b>	the agreement for the sale and purchase of the Sale Shares dated 20 August 2014 entered into between the Vendor and the Purchaser;
<b>“Board”</b>	the board of Directors;
<b>“Business Day”</b>	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business;
<b>“BVI”</b>	the British Virgin Islands;
<b>“Company”</b>	Bonjour Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and the issued shares of which are listed on the Main Board of the Stock Exchange;

<b>“Completion”</b>	the completion of the sale and purchase of the Sale Shares pursuant to the Agreement;
<b>“Completion Date”</b>	the third Business Day after the last outstanding Conditions shall have been fulfilled or waived (or such other date agreed by the Purchaser and the Vendor in writing) on which Completion is to take place;
<b>“Conditions”</b>	the conditions precedent for the Completion pursuant to the Agreement;
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“Consideration”</b>	the sum of HK\$423,780,000 which shall be satisfied by the allotment and issue of the Consideration Shares by the Purchaser to the Vendor (or its nominee);
<b>“Consideration Shares”</b>	365,327,586 ordinary shares of HK\$0.01 each in the share capital of the Purchaser, credited as fully paid, which shall rank pari passu in all respects with the ordinary shares of the Purchaser in issue as at Completion. The issue price per Consideration Share is HK\$1.16;
<b>“Cosmetic Importation Permit”</b>	the permit issued by the China Food and Drug Administration (國家食品藥品監督管理局) for the importation of special types of cosmetics into the PRC;
<b>“Director(s)”</b>	the director(s) of the Company;
<b>“Disclosure Letter”</b>	the disclosure letter to be delivered by the Vendor to the Purchaser prior to Completion, in the form and substance reasonably satisfactory to the Purchaser;
<b>“Disposal”</b>	the transfer and disposal of the Sale Shares under the Agreement;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“HK Company”</b>	Bonjour Beauty Limited, a company incorporated in Hong Kong with limited liability;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;



<b>“Material Adverse Change”</b>	any change (or effect) which has a material and adverse effect on the financial position, business or prospects or results of operations, of the Target Group or the Group (as the case may be) as a whole;
<b>“Macau”</b>	the Macau Special Administrative Region of the PRC;
<b>“PRC”</b>	the People’s Republic of China;
<b>“Purchaser”</b>	Town Health International Medical Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3886);
<b>“Purchaser’s Warranties”</b>	the representations, warranties and undertakings given by the Purchaser under the Agreement;
<b>“Restructuring”</b>	(i) the acquisition of the entire issued share capital of Bonjour Medical Science & Technology Beauty Center Limited by the Target Company; (ii) the acquisition of the remaining 50% shareholding interest in the HK Company by the Target Company and (iii) the transfer of the Cosmetic Importation Permit from 雅悦美容(上海)有限公司 (in English, for identification purpose, Ya Yue Beauty (Shanghai) Co., Ltd.) to the Vendor;
<b>“Sale Shares”</b>	the 1,000 ordinary share of par value US\$1.00 in the share capital of the Target Company, representing the entire issued share capital of the Target Company;
<b>“Share(s)”</b>	ordinary shares of the Company of HK\$0.01 each in the share capital of the Company;
<b>“Shareholder(s)”</b>	holder(s) of the Shares;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Target Company”</b>	Bonjour Beauty International Limited, a company incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class of US\$1.00 each, 1,000 of which have been issued and are fully paid;
<b>“Target Group”</b>	the Target Company and its 8 subsidiaries, namely Bonjour Medical Science & Technology Beauty Center Limited, the HK Company, Speedwell Group Limited, Bonjour Beauty (Shanghai) Limited, Richly Fine Limited, Ace Advance Limited, 雅悦美容(上海)有限公司 (in English, for identification purpose, Ya Yue Beauty (Shanghai) Co., Ltd.) and Mega World (HK) Limited;



“US\$”	United States dollar, the lawful currency of the United States of America;
“Vendor”	Bonjour Group Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company; and
“Vendor’s Warranties”	the representations, warranties and undertakings given by the Vendor under the Agreement.

On behalf of the Board  
**Bonjour Holdings Limited**  
**Ip Chun Heng, Wilson**  
*Chairman*

Hong Kong, 20 August 2014

*As of the date of this announcement, the Board comprises of three executive Directors namely Dr. Ip Chun Heng, Wilson, Ms. Chung Pui Wan and Mr. Yip Kwok Li; and three independent non-executive Directors namely Mr. Wong Chi Wai, Dr. Chow Ho Ming and Mr. Lo Hang Fong.*