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BIRMINGHAM SPORTS HOLDINGS LIMITED

伯明翰體育控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

BUSINESS UPDATE

ACQUISITION OF MEDICAL SERVICE BUSINESS IN JAPAN

This announcement is made by Birmingham Sports Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) on a voluntary basis.

ACQUISITION OF MEDICAL SERVICE BUSINESS

The Board of Directors of the Company (the “Board”) is pleased to announce that, on 31 July 2020, the Group has, through the acquisition of all the issued and outstanding shares of two limited liability companies established in Japan (the “Acquisition”), acquired their medical service business in Japan (the “Target Business”).

The Target Business principally comprises the provision of medical consultation and healthcare and wellness referral related services in Japan. Customers are mainly from overseas countries seeking medical services such as health checks, medical diagnosis and treatments in Japan.

The vendor (the “Vendor”), being the founder of the Target Business, has extensive experience and network in medical service industry in Japan. Following the completion of the Acquisition, the Vendor will join the management team of the Group and continue to manage the Target Business.

REASONS FOR AND BENEFITS OF ACQUISITION OF THE TARGET BUSINESS

The Company is engaged in investment holding and the principal activities of the Group are (i) operation of a professional football club in the United Kingdom, (ii) investment in properties, and (iii) provision of lottery system and online payment system service solutions.

For the six months ended 31 December 2019, the football club and the system services business were incurring loss and required continual support by the Company. As disclosed in the interim report of the Company for the six months ended 31 December 2019, with an aim to broaden the business scope and scale of the Company, and to enhance the financial structure of the Company, the management of the Company has been ambitious in exploring development in different markets and industries.

According to the statistics from the National Bureau of Statistics of the People's Republic of China ("China") and the Japan Tourism Agency, the annual medical expense per person in China almost doubled from 2013 to 2019, representing a compound annual growth rate of approximately 13%. For those who looked for overseas medical services, approximately 28% of them opt for Japan as their choice of destination. Nearly 8 million travellers from China visited Japan in 2019 and contributed spending over JPY1,701.6 billion (equivalent to approximately HK\$125.2 billion), of which approximately JPY124.2 billion (equivalent to approximately HK\$9.1 billion) was spent on medicine and healthcare related services and products. With the impact of China's growing aging population becoming more pronounced, the expansion of the medical and healthcare market is expected to continue. In addition, as the proportion of middle-class families in China increases, the market demand for high-end medical products and services is also set to rise. As one of the most developed countries in Asia in the medical and services sector, Japan with its geographical advantage, and its similar culinary and living culture to China, will bound to have a strong growth momentum in the future high-end medical market. The Group believes that there is enormous potential for future growth in Japan's medical services market.

Going forward, the Group plans to build on the current structure of the Target Business and strengthen and expand its existing business by further introducing high net worth customers from China to receive medical, wellness and other services in Japan with an aim to enhance its market share and market position, thereby forming an agglomeration of resources of Japan's medical industry. At the same time, with the help of the Internet, big data and artificial intelligence technologies, the Group will channel Japanese medical and wellness industry resources to China by means of online platform, e-commerce and new media promotion, and gradually build a medical institution that offers non-optional medical treatments differentiated with sophisticated services in China by reference to high-end medical services providers in Japan as its core business. The Group will actively acquire advanced technologies and recruit talents in relevant segments and progressively expand its medical territory to other countries and regions to form a comprehensive international medical and healthcare system.

The Company is keen on gradually building a new medical service segment in the future based on medical industry resources, supported by high-end medical services, and with its own technologies and talents as the core, and bring favourable returns to its shareholders with reputable business.

The Board considers that the Acquisition represents a valuable opportunity for the Group to achieve the foregoing aims by tapping into the medical services business after taking into account the experience of the Target Business and the prospects of the relevant market. Therefore the Acquisition is in the interests of the Company and its shareholders as a whole.

GENERAL INFORMATION

To the best of the knowledge, information and belief of the Directors having made all reasonable enquires, the Vendor is independent of, and not connected with, the Company and its connected persons and not otherwise a connected person of the Company for the purpose of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). As none of the applicable percentage ratios exceed 5%, the Acquisition does not constitute a notifiable transaction for the Company under the Listing Rules.

By Order of the Board
Birmingham Sports Holdings Limited
Zhao Wenqing
Chairman

Hong Kong, 31 July 2020

As at the date of this announcement, the Board comprises nine Directors, namely Mr. Zhao Wenqing (Chairman), Mr. Huang Dongfeng (Chief Executive Officer), Mr. Yiu Chun Kong, Mr. Hsiao Charng Geng and Dr. Guo Honglin as Executive Directors; Mr. Sue Ka Lok as Non-executive Director; and Mr. Pun Chi Ping, Ms. Leung Pik Har, Christine and Mr. Yeung Chi Tat as Independent Non-executive Directors.

For illustration purposes, amounts in JPY in this announcement have been translated into HK\$ at JPY1.00 = HK\$0.0736.