

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Union Medical Healthcare Limited**, you should at once hand this circular and the accompanying Election Form (if applicable) to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Union Medical Healthcare Limited
香港醫思醫療集團有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2138)

**SCRIP DIVIDEND SCHEME IN RELATION TO
THE INTERIM DIVIDEND AND THE SPECIAL DIVIDEND
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

If you do not wish to receive your Dividends in Scrip Shares, you should complete the Election Form in accordance with the instructions printed on it and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Ltd., at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 pm on 19 January 2018.

* *For identification purpose only*

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DEFINITIONS

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

“Board”	the board of Directors
“Company”	Union Medical Healthcare Limited, a company incorporated in the Cayman Islands with limited liability
“Director(s)”	the director(s) of the Company
“Dividends”	collectively, the Interim Dividend and the Special Dividend
“Election Form(s)”	the form(s) of election in relation to the Scrip Dividend Scheme
“Eligible Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Interim Dividend”	an interim dividend of 4.0 HK cents per Share for the six months ended 30 September 2017 to be paid to the Shareholders whose names appear on the register of members of the Company on the Record Date
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Record Date”	18 December 2017
“Scrip Dividend Scheme”	the scheme proposed by the Directors on 30 November 2017 in relation to the Dividends pursuant to which the Eligible Shareholders will receive the Dividends wholly by way of an allotment and issue of Scrip Shares, in lieu of cash, unless the relevant Eligible Shareholder elects to receive the Dividends wholly in cash
“Scrip Share(s)”	the new Share(s) to be allotted, issued and credited as fully paid under the Scrip Dividend Scheme
“Share(s)”	ordinary share(s) of HK\$0.00001 each in the share capital of the Company which are listed on the Stock Exchange
“Shareholder(s)”	the registered holder(s) of the Share(s) from time to time

DEFINITIONS

“Special Dividend”	a special dividend of 8.5 HK cents per Share for the six months ended 30 September 2017 to be paid to the Shareholders whose names appear on the register of members of the Company on the Record Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



Union Medical Healthcare Limited
香港醫思醫療集團有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2138)

Executive Directors:

Tang Chi Fai
Lee Gabriel
Luk Kun Shing Ben
Yeung Chin Wan

Registered office:

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman KY1-1111
Cayman Islands

Independent non-executive Directors:

Ma Ching Nam
Look Andrew
Lam Chi Hang Josekin

Principal place of business in Hong Kong:

Suites 7–9, L21,
Langham Place Office Tower,
8 Argyle Street,
Mong Kok,
Hong Kong

4 January 2018

To the Shareholders

Dear Sir or Madam,

**SCRIP DIVIDEND SCHEME IN RELATION TO
THE INTERIM DIVIDEND AND THE SPECIAL DIVIDEND
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

1. INTRODUCTION

On 30 November 2017, the Company announced that the Board had resolved to declare the Dividends. The Dividends would be satisfied wholly in the form of an allotment and issue of Scrip Shares, in lieu of cash, while Shareholders will be given an option to elect to receive the Dividends wholly in cash in lieu of Scrip Shares.

For the purpose of determining the Shareholders' entitlement to the Dividends, the Company's register of members was closed from 15 to 18 December 2017 (both dates inclusive). The latest time by which transfers were accepted for registration for participation in the Scrip Dividend Scheme for the Dividends was 4:30 pm on 14 December 2017.

* *For identification purposes only*

LETTER FROM THE BOARD

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action(s) which should be taken by the Shareholders in relation thereto.

2. DETAILS OF THE SCRIP DIVIDEND SCHEME

2.1 Election available to Eligible Shareholders

Under the Scrip Dividend Scheme, the Eligible Shareholders have the following choices to receive the Dividends:

- (a) by way of an allotment and issue of Scrip Shares (the number of which is determined as explained below) having an aggregate market value, save for adjustment for fractions, equal to the total amount of the Dividends which such Eligible Shareholder would otherwise be entitled to receive in cash; or
- (b) a cash dividend of 12.5 HK cents for each Share held on the Record Date.

The Dividends in cash will be paid in Hong Kong dollars regardless of the registered address of the Shareholders as at the Record Date.

For the avoidance of doubt, the Eligible Shareholders shall not be entitled to receive the Dividends partly in Scrip Shares and partly in cash; and the Eligible Shareholders shall not make different choices for Interim Dividend and Special Dividend.

2.2 Market value

For the purpose of calculating the number of Scrip Shares to be allotted under paragraph 2.1(a) above, the market value of each Scrip Share is determined by reference to the average of the closing prices of a Share traded on the Stock Exchange for the five consecutive trading days immediately prior to and up to and including the Record Date. On the said basis, the market value of each Scrip Share has been fixed at HK\$3.637 (the “Average Closing Price”).

2.3 Basis of allotment

Accordingly, the number of the Scrip Shares which the Eligible Shareholders will receive in respect of the Dividends for existing Shares registered in their names as at the Record Date (i.e. 18 December 2017) will be calculated as follows:

$$\begin{array}{l} \text{Number of Scrip Shares} \\ \text{to be received} \\ \text{(rounded down to the} \\ \text{nearest whole number)} \end{array} = \begin{array}{l} \text{Number of} \\ \text{existing Shares held on} \\ \text{the Record Date for} \\ \text{which election for cash} \\ \text{is not made} \end{array} \times \frac{12.5 \text{ HK Cents}}{\text{HK\$3.637}}$$

LETTER FROM THE BOARD

The number of the Scrip Shares to be issued to each Shareholder will be rounded down to the nearest whole number of the Scrip Shares. Fractional entitlements to the Scrip Shares in respect of alternative (a) above will be disregarded and the benefit thereof will accrue to the Company. The Scrip Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the existing Shares except that they shall not rank for the Dividends.

Scrip Shares issued to the Eligible Shareholders pursuant to an election to receive their Dividends in Scrip Shares may be allotted in odd lots (of less than a board lot of 1,000 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of the Scrip Shares issued in odd lots. The Eligible Shareholders should be aware that odd lots usually trade at a discount to the price of the whole board lots.

3. ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Directors consider that the Scrip Dividend Scheme will enable the Eligible Shareholders to increase their investment in the Company at market value without incurring brokerage fees, stamp duty and related dealing costs and the Company will benefit by retaining the cash which would otherwise have been paid to the Eligible Shareholders for use by the Company for its operation.

4. CONDITION OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme is conditional upon the Listing Committee granting the listing of, and permission to deal in, the Scrip Shares to be issued in respect of the Dividends.

If this condition is not satisfied, the Scrip Dividend Scheme will not become effective and the completed and returned Election Forms will be treated as void, and the Dividends will then be paid wholly in cash.

5. EFFECT OF THE SCRIP DIVIDEND SCHEME

Based on 980,879,500 Shares in issue as at the Record Date, if all Shareholders (other than (i) Mr. Tang Chi Fai, an executive Director and the controlling Shareholder and (ii) Union Medical Care Holding Limited (which is wholly-owned by Mr. Tang Chi Fai) who/which will not elect for Scrip Shares in order to maintain public float of the Shares) elect to receive the Dividends in the form of Scrip Shares, not more than 8,788,124 Scrip Shares (representing approximately 0.90% of the existing issued Shares and 0.89% of the issued Shares as enlarged by the issue of the Scrip Shares) will be issued under the Scrip Dividend Scheme. If no Eligible Shareholder elects to receive the Dividends in the form of Scrip Shares, the total cash payable by the Company in respect of the Dividends would be approximately HK\$122.6 million.

Shareholders should note that the Scrip Shares to be issued under the Scrip Dividend Scheme for the Dividends may give rise to disclosure requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). **Shareholders who**

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are in any doubt as to how these provisions may affect them are recommended to seek their own professional advice. Shareholders who are in any doubt as to their taxation position are also recommended to seek their own professional advice.

6. ELECTION FORM

An Election Form is enclosed with this circular for use by the Eligible Shareholders who wish to elect to receive the Dividends wholly in cash. If you do not wish to receive your Dividends wholly in the form of Scrip Shares you should complete the Election Form in accordance with the instructions printed on it and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Ltd., at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on 19 January 2018. No acknowledgement of receipt of the Election Form will be issued.

If any Eligible Shareholder does not complete and return the Election Form by 4:30 pm on 19 January 2018, the Eligible Shareholder will receive the Dividends wholly in the form of Scrip Shares.

(a) To receive Scrip Shares only

If you wish to receive the Dividends wholly in the form of Scrip Shares, you DO NOT need to take any action. Please DO NOT return the Election Form.

(b) To receive cash only

If you wish to receive the Dividends wholly in cash, please just SIGN, DATE and RETURN the Election Form.

The latest time and date for return of the Election Form will be extended, as the case may be, in accordance with paragraphs (i) or (ii) below if there is a Typhoon Signal No. 8 or above, or a "black" rainstorm warning:

- (i) in force in Hong Kong at any local time at or before 12:00 noon and no longer in force after 12:00 noon on 19 January 2018. Instead, the deadline for the submission of Election Form will be 5:00 p.m. on the same business day, i.e. 19 January 2018; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on 19 January 2018. Instead, the deadline for the submission of Election Form will be rescheduled to 4:30 p.m. on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m. i.e. 22 January 2018 assuming the aforesaid warnings are not in force.

For Shareholders residing outside Hong Kong, please refer to the paragraph headed "Overseas Shareholders" below.

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7. OVERSEAS SHAREHOLDERS

No Shareholder receiving a copy of this circular and/or an Election Form in any jurisdiction outside Hong Kong may treat the same as an invitation to participate in the Scrip Dividend Scheme unless in that relevant jurisdiction such invitation could lawfully be made to that Shareholder without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities.

Based on the information made available to the Directors, there was 1 Shareholder, namely Union Medical Care Holding Limited (which is wholly-owned by Mr. Tang Chi Fai, an executive Director and the controlling Shareholder) whose name appears on the register of members of the Company on the Record Date and whose address as shown on such register was outside Hong Kong (the “**Overseas Shareholder**”). The Overseas Shareholder registered and held an aggregate of 827,000 Shares, representing approximately 0.08% of the entire issued share capital of the Company. The Overseas Shareholder will not elect for Scrip Shares in order to maintain public float of the Shares.

8. LISTING AND DEALINGS

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Scrip Shares to be issued pursuant to the Scrip Dividend Scheme. Subject to the said permission being granted by the Stock Exchange, it is expected that share certificates for the Scrip Shares and/or cheques for cash dividend will be posted by ordinary mail to those entitled thereto at their own risk on 31 January 2018. Dealings of the Scrip Shares on the Stock Exchange are expected to commence on 1 February 2018 after despatch to the Eligible Shareholders of the certificates for the Scrip Shares. One share certificate will be issued for all Scrip Shares an Eligible Shareholder is entitled to.

The Shares are listed, and dealt in, on the Stock Exchange. There is no other stock exchange on which the Shares are listed or dealt in or on which listing or permission to deal is being or proposed to be sought.

Subject to the granting of listing of, and permission to deal in, the Scrip Shares to be issued under the Scrip Dividend Scheme on the Stock Exchange, such Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System. You should seek advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

9. RECOMMENDATION AND ADVICE

Whether or not it is to the Eligible Shareholders’ advantages to receive Scrip Shares or cash, it will depend upon their own individual circumstances. The effect on the tax position of any Eligible Shareholder will depend on that Eligible Shareholder’s particular circumstances. If you are in any doubt as to what to do, you should consult your professional advisers. Eligible Shareholders who are trustees are recommended to take professional advice as to whether the choice to receive cash or Scrip Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

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10. EXPECTED TIMETABLE

Last date of dealing in the Shares on a cum-dividend basis.....	12 December 2017
Commencement of dealings in the Shares on an ex-entitlement basis.....	13 December 2017
Latest time for lodging transfer of Shares for registration in order to qualify for the Interim Dividend and Special Dividend (i.e. the last registration date)	4:30 p.m. on 14 December 2017
Book Closure.....	15–18 December 2017
Record Date.....	18 December 2017
Announcement of the scrip price	20 December 2017
Deadline for submitting Election Form.....	4:30 p.m. on 19 January 2018
Despatch of share certificates for the Scrip Shares and cheques for cash dividends	31 January 2018
Commencement of dealing of the Scrip Shares on the Stock Exchange	9:00 a.m. on 1 February 2018

By Order of the Board of
Union Medical Healthcare Limited
Gabriel Lee
Executive Director