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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF BILLION ENERGY LIMITED

The Board is pleased to announce that on 5 September 2017, the Purchaser, an indirect wholly-owned subsidiary of the Company, the Vendor, the Guarantor and the Agent entered into the Provisional SPA, pursuant to which the Purchaser conditionally agreed to acquire, and Vendor conditionally agreed to sell, the entire issued share capital of the Target Company and the Shareholder's Loan at a total consideration of HK\$113,800,000. The Target Company, which is principally engaged in property investment in Hong Kong, is the sole legal and beneficial owner of the Property.

As one or more of the applicable percentage ratios in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Acquisition is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

INTRODUCTION

On 5 September 2017, the Purchaser, an indirect wholly-owned subsidiary of the Company, the Vendor, the Guarantor and the Agent entered into a Provisional SPA, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the entire issued share capital of the Target Company and the Shareholder's Loan at a total consideration of HK\$113,800,000.

THE PROVISIONAL SPA

Key terms of the Provisional SPA are set out as follows:

- Date:** 5 September 2017
- Parties:**
- (1) The Sun (Asia) Holdings Limited, as Vendor
 - (2) Team Expert Investment Limited, as Purchaser
 - (3) Mr. Lam Kin, as Guarantor
 - (4) Centaline Property Agency Limited, as Agent

The Guarantor joins as a party to the Provisional SPA to guarantee the observance and performance by the Vendor of all its obligations and undertakings under the Provisional SPA.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, the Vendor, the Guarantor, the Agent and the respective ultimate beneficial owner(s) of the Vendor and Agent are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Terms of the Provisional SPA: Pursuant to the Provisional SPA, the Purchaser agreed to acquire, and the Vendor agreed to sell, the entire issued share capital of the Target Company and the Shareholder's Loan, subject to the terms and conditions contained in the Provisional SPA. According to the Provisional SPA, the Guarantor, as primary obligor and not merely as surety, unconditionally and irrevocably guaranteed to the Purchaser, and shall, on the Completion Date, unconditionally and irrevocably guarantee to the Purchaser and the Target Company, the due observance and performance by the Vendor of all the agreements, obligations, commitments and undertakings contained in the Provisional SPA on the part of the Vendor to be observed and performed, and that the guarantee period shall last for 3 years after the Completion Date. The Target Company, which is principally engaged in property investment in Hong Kong, is the sole legal and beneficial owner of the Property.

The Vendor and the Purchaser shall negotiate in good faith and use all their reasonable endeavours to enter into the Formal Agreement on or before 26 September 2017.

The Property: The Property is located at Office No. 803, on 8th Floor, World-Wide House, No. 19 Des Voeux Road Central, Hong Kong, with a total gross floor area of approximately 3,208 square feet. The Property is subject to a tenancy agreement, which will expire on 30 November 2018. The tenant has an option to renew the tenancy agreement of the Property by giving at

least six months' prior notice in writing of its intention to the landlord at the then prevailing market rent.

Consideration and payment terms:

The Consideration for the acquisition of the entire issued share capital of the Target Company and the Shareholder's Loan is HK\$113,800,000, which shall be payable by the Purchaser to the Vendor in the following manner:

- (a) an initial deposit of HK\$5,614,000 shall be paid upon the signing of the Provisional SPA;
- (b) a further deposit of HK\$5,766,000 shall be paid on or before 26 September 2017; and
- (c) The balance of HK\$102,420,000 shall be paid on Completion.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms with reference to the market value of similar properties in similar locations. The Consideration has been/will be financed by the Group's internal resources and bank borrowings.

Conditions precedent and completion:

Completion is conditional upon the following conditions precedent being fulfilled:

- (a) the Purchaser having completed its due diligence review on the Target Company and is satisfied with the results thereof;
- (b) the Vendor, at its own costs, having procured the Target Company to prove and give a good title to the Property; and
- (c) all the representations, undertakings and warranties given by the Vendor under the Provisional SPA and the Formal Agreement are and shall remain true, accurate, correct and complete and not misleading in all respects up to the Completion.

If any of the foregoing conditions is not fulfilled (or waived by the Purchaser) on or before the Completion Date, the Purchaser and the Vendor shall be entitled to cancel the transaction under the Provisional SPA whereupon the Vendor shall return all the deposit paid to the Purchaser forthwith.

Completion will take place by noon, 28 November 2017.

INFORMATION ABOUT THE GROUP

The Purchaser is an indirectly wholly-owned subsidiary of the Company and is principally engaged in investment holding. The Group is principally engaged in the (1) medical services, comprising aesthetic surgical procedures, minimally invasive procedures and energy-based procedures performed by doctors and general consultation services, as well as dental, Chinese medicinal and ophthalmological services; (2) quasi-medical services, comprising energy-based procedures performed by our trained therapists who have completed mandatory internal training developed by our doctors; (3) traditional beauty services, comprising facials, massages and other non-invasive procedures; (4) skincare and beauty products, primarily of our private-label brands, PRODERMA LAB and Suissebeaute; (5) health management centre; and (6) chiropractic and physiotherapy services in Hong Kong.

INFORMATION ABOUT THE VENDOR

The Vendor is a company incorporated in Hong Kong and is principally engaged in property investment in Hong Kong.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong and is principally engaged in property investment in Hong Kong. As at the date of this announcement, the entire issued share capital of the Target Company is wholly owned by the Vendor. The Target Company's only asset is the Property. As at the date of this announcement, the Property is being leased to an independent third party for use as dental clinic at a monthly rent of HK\$224,560 (exclusive of rates, management fees and all other outgoings) under a tenancy agreement for a term up to 30 November 2018.

The table below sets out certain unaudited financial information (prepared in accordance with the Hong Kong Financial Reporting Standards) of the Target Company for the period from 19 August 2016 (being the date of incorporation of the Target Company) to 31 August 2017:

	For the period from 19 August 2016 to 31 August 2017 (unaudited) HK\$
Revenue	1,282,165
Net profit before taxation and extraordinary items	818,712
Net profit after taxation and extraordinary items	636,007

As at
31 August 2017
(unaudited)
HK\$
636,008

Net assets

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Purchaser and an indirect wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As at the date of this announcement, it is intended that the Property will be used for the Company's business and/or operations upon the expiration of the term of the tenancy under the existing tenancy agreement. The Directors considered that expansion of our business and/or operations to office premises located in Hong Kong's the prime commercial district will further enhance the brand image of the Group, create value for the Shareholders and save future rental expenses.

Having considered that the Provisional SPA was entered into on normal commercial terms with the consideration being determined with reference to the market value of similar properties in similar locations, the Directors (including the independent non-executive Directors) are of the view that the terms of the Provisional SPA are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Acquisition is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise appears, the following expressions shall have the following meaning:

“Acquisition”	the proposed acquisition of the entire issued share capital of the Target Company and the Shareholder's Loan by the Purchaser pursuant to the terms and conditions of the Provisional SPA
“Agent”	Centaline Property Agency Limited
“Board”	the board of Directors

“Company”	Union Medical Healthcare Limited (stock code: 2138), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition, which shall take place by noon, 28 November 2017
“Completion Date”	date of Completion, being 28 November 2017
“Consideration”	the aggregate purchase price of HK\$113,800,000 payable by the Purchaser to the Vendor for the acquisition of the entire issued share capital of the Target Company and the Shareholder’s Loan pursuant to the terms and conditions of the Provisional SPA
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal agreement to be entered into between the Vendor and the Purchaser in relation to the sale and purchase of the entire issued share capital of the Target Company and the Shareholder’s Loan
“Group”	the Company and its subsidiaries from time to time
“Guarantor”	Mr. Lam Kin, being one of the directors and shareholders of the Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Property”	Office No. 803, on 8 th Floor, World-Wide House, No. 19 Des Voeux Road Central, Hong Kong
“Provisional SPA”	the provisional agreement for sale and purchase dated 5 September 2017 entered into between the Vendor, the Purchaser, the Guarantor and the Agent in relation to the Acquisition
“Purchaser”	Team Expert Investment Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Shareholder’s Loan”	all such sum of money advanced by way of loan by the Vendor to the Target Company and due and owing by the Target Company to the Vendor as at Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Billion Energy Limited, a company incorporated in Hong Kong with

limited liability and the sole legal and beneficial owner of the Property

“Vendor” The Sun (Asia) Holdings Limited, a company incorporated in Hong Kong with limited liability

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

Hong Kong, 5 September 2017

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Tang Chi Fai, Mr. Lee Gabriel, Mr. Luk Kun Shing Ben and Mr. Yeung Chin Wan, and three independent non-executive Directors, namely Mr. Ma Ching Nam, Dr. Yu Ka Fai Alexis and Mr. Look Andrew.

**For identification purpose only*