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## **Union Medical Healthcare Limited**

香港醫思醫療集團有限公司\*

*(Incorporated in Cayman Island with limited liability)*

*(Stock Code: 2138)*

### **SHARE TRANSACTION ISSUE OF SHARE OPTIONS AS CONSIDERATION BY SPECIFIC MANDATE**

On 13 July 2018 (after trading hours), the Company has entered into the Agreement with GCP to acquire the Sale Shares in Mayor, representing approximately 2.0% of the total issued share capital of Mayor.

As the consideration involves issue of securities and all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are below 5%, the Acquisition constitutes a share transaction and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

An extraordinary general meeting will be convened and held to consider and, if thought fit, to approve the Agreement and the issue and allotment of the Consideration Share Options and the Option Shares. The Company will publish and despatch a circular to the Shareholders in accordance with the Listing Rules by 3 August 2018.

### **THE ACQUISITION**

The board of director (the “**Board**”) of Union Medical Healthcare Limited (the “**Company**”) is pleased to announce that, on 13 July 2018 (after trading hours), the Company has entered into a sale and purchase agreement (the “**Agreement**”) with GCP Properties Limited (“**GCP**”) to acquire 200 shares (the “**Sale Shares**”) in Mayor Form Limited (“**Mayor**”), representing 2.0% of the total issued share

capital of Mayor (the “**Acquisition**”). As at the date of this announcement, Mayor is a wholly-owned subsidiary of GCP.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, GCP and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

There is no restriction on the subsequent sale of the Sale Shares.

### **Consideration**

The consideration for the Acquisition of the Sale Shares comprises:

- (a) the sum of US\$1,000,000 (the “**Cash Consideration**”), which shall be paid by way of cash upon completion of the Acquisition (the “**Completion**”); and
- (b) issue of share options (the “**Consideration Share Options**”), which entitle GCP to subscribe for up to a maximum of 4,349,000 shares in the Company (the “**Option Shares**”) at the exercise price of HK\$5.53 per Share during a three-year period from the date of Completion (the “**Option Period**”).

The Cash Consideration will be financed by the internal resources of the Company.

The Consideration Share Options shall not be transferrable. There is no restriction on the subsequent sale of the Option Shares.

### **Conditions precedent**

Completion shall be subject to, inter alia, the following conditions precedent:

- (a) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Option Shares;
- (b) the Company having obtained the approval of its shareholders for the issue and allotment of the Consideration Share Options and the Option Shares; and
- (c) the Company having obtained all necessary approvals and consents from any government or regulatory authority, where required.

Completion shall take place on the 10<sup>th</sup> business day after the fulfilment or waiver of all the conditions precedent.

It is expected that Completion shall take place on or before 31 December 2018.

### **Application for listing**

Application will be made to the Stock Exchange for the listing of and permission to deal in the Option Shares.

## **Exercise price of the Consideration Share Options**

The exercise price of HK\$5.53:

- (a) equals to the closing price of HK\$5.53 per Share as quoted on the Stock Exchange on the date of the Agreement;
- (b) represents a premium of approximately 7.46% over the average of the closing price of HK\$5.146 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to the date immediately before the date of the Agreement;
- (c) represents a discount of approximately 2.04% to the average of the closing price of HK\$5.645 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to the date immediately before the date of the Agreement;
- (d) represents a premium of approximately 549.59% over the audited consolidated net assets value of approximately HK\$0.85 per Share as at 31 March 2018 as published in the annual results announcement, based on the audited net assets value of approximately HK\$837,513,983 and the 983,724,948 Shares in issue as at 31 March 2018.

There is no adjustment mechanism for the exercise price.

## **FURTHER DETAILS ABOUT THE CONSIDERATION SHARE OPTIONS AND OPTION SHARES**

Upon exercise of the Consideration Share Options at the exercise price in full, 4,349,000 Option Shares shall be allotted and issued, representing (i) approximately 0.44% of the existing issued share capital of the Company as at the date of the Agreement and the date of this announcement and (ii) approximately 0.44% of the issued share capital of the Company as enlarged by the allotment and issue of the Option Shares (assuming no change in the issued share capital of the Company from the date of this announcement to completion of the allotment and issue of the Option Shares save for the Option Shares). Save for those share options which were granted under the existing share option scheme of the Company, the Company has no other outstanding options, warrants or other convertible securities. The Directors confirm that the Company will not violate the restrictions as set out under Rule 15.02(1) of the Listing Rules.

There is no minimum period during which the Consideration Share Options must be held before it can be exercised. There is no performance target on the part of GCP before GCP can exercise the Consideration Share Options. The exercise price payable for any exercise of the Consideration Share Options shall be satisfied in cash.

The Consideration Share Options shall lapse after expiry of the Option Period.

## **Ranking of the Option Shares**

The Option Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the issued Shares as at the date of allotment of the Option Shares.

## Rights of GCP

GCP shall not be entitled to attend or vote at any general meetings of the Company by reason only it being the holder of the Consideration Share Options.

Unless and until GCP exercises the Consideration Share Options and becomes a shareholder of the Company, it shall not be entitled to participate in any distributions and/ or offer of further securities made by the Company.

## Maximum amount of fund raised

Assuming GCP exercises the Consideration Share Options in full, the maximum amount of fund which may be raised from the allotment of the Option Shares shall be approximately HK\$24.0 million. The net issue price of each Option Share (after deducting all costs and expenses in connection with the Agreement and the transactions contemplated thereunder shall be approximately HK\$5.50.

## Application of proceeds from the issue of the Option Shares

The Group intends to utilize the proceeds from the issue of the Option Shares as its general working capital.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company did not have any equity fund raising activities during the twelve months immediately preceding the date of the Agreement.

## EFFECT ON THE ACQUISITION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company had 983,724,948 Shares in issue. For reference and illustration purposes only, assuming 4,349,000 Option Shares will be allotted and issued pursuant to the Agreement and there is no change in the shareholding structure of the Company, the following table illustrates the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after the allotment and issue of the Option Shares.

	As at the date of this announcement		Immediately after the allotment and issue of the Option Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Tang Chi Fai (“ <b>Mr. Tang</b> ”)	726,833,230 <i>(Note)</i>	73.91	726,833,230 <i>(Note)</i>	73.56
OrbiMed Advisors III Limited	63,806,686	6.49	63,806,686	6.46
GCP	-	-	4,349,000	0.44
Others and public	193,085,032	19.60	193,085,032	19.54
<b>Total</b>	<b>983,724,948</b>	<b>100.00</b>	<b>988,073,948</b>	<b>100.00</b>

*Note: The 726,833,230 Shares are held as to (i) 3,949,000 Shares by Mr. Tang personally, (ii) 721,231,230 Shares by Union Medical Care Holdings Limited, a company wholly-owned by Mr. Tang, and Mr. Tang is deemed to be interested in the Shares held by Union Medical Care Holdings Limited and (iii) 1,653,000 Shares held by Ms. Yau Ming Li, the spouse of Mr. Tang and Mr. Tang is deemed to be interested in the Shares held by Ms. Yau Ming Li.*

## **INFORMATION ABOUT MAYOR**

As at the date of this announcement so far, Mayor is a company incorporated in the British Virgin Islands and wholly-owned by GCP. Mayor is principally engaged in investment in healthcare businesses in the PRC.

Based on the information provided by the Vendor, the Company understands that, (i) as at 30 June 2018, Mayor had an unaudited net assets value of approximately US\$58.2 million based on the generally acceptable accounting principles of Hong Kong (“**HK GAAP**”) and (ii) the unaudited loss of Mayor during each of the two years ended 31 December 2017 and the six months ended 30 June 2018 was minimal.

## **REASONS FOR THE ACQUISITION**

Mayor, its ultimate beneficial owner and business associates have extensive experience in investing healthcare businesses in the Greater China Region. Their expertise are the key drivers for Mayor to continue to explore and capture relevant projects with immense potential in the region.

The terms of the Agreement, including the consideration, were determined on arm’s length negotiations between the Company and GCP with reference to the business and expertise of Mayor, the net assets value of Mayor and prospects of the Group. The Board considers that the terms of the Agreement and the issue of the Consideration Share Options and the Option Shares are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As none of the Directors has material interest in the Acquisition, no director is required to abstain from voting on the resolutions of the Board approving the Acquisition.

## **INFORMATION ABOUT THE COMPANY AND GCP**

The Company and its subsidiaries (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, orthopaedic and physiotherapy services in Hong Kong.

Based on information provided to the Company, GCP focuses on investment in global markets.

## **LISTING RULES IMPLICATIONS**

As the consideration involves issue of securities and all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are below 5%, the Acquisition constitutes a share transaction and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

An extraordinary general meeting will be convened and held to consider and, if thought fit, to approve the Agreement and the issue and allotment of the Consideration Share Options and the Option Shares. The Company will publish and despatch a circular to the Shareholders in accordance with the Listing Rules by 3 August 2018. Further announcement will be published if there is delay in the despatch of the circular.

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

Hong Kong, 16 July 2018

*As at the date of this announcement, the executive Directors of the Company are Mr. Tang Chi Fai, Mr. Lee Gabriel, Mr. Luk Kun Shing Ben and Mr. Yeung Chin Wan, and the independent non-executive Directors are Mr. Ma Ching Nam, Mr. Look Andrew and Mr. Lam Chi Hang Josekin.*

*\*For identification purpose only*